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Foreign, Finance Ministers Discuss Summit Issues

BK1212132695 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 11 Dec 95

[Report by Correspondent Kim Cuc in Thailand]

[FBIS Translated Text] Dear Friends: This morning, foreign ministerial and finance ministerial conferences were held simultaneously in two places in Bangkok so that the ASEAN members could discuss important issues that will be raised at the upcoming ASEAN summit.

Following the two conferences, Foreign Minister Nguyen Manh Cam held a news briefing with Vietnamese correspondents who are in Bangkok to report on the conferences. At the briefing, Minister Nguyen Manh Cam explained the importance of the ASEAN summit, issues to be discussed at the summit, and Vietnam's preparations for the summit. Minister Nguyen Manh Cam said:

[Begin Nguyen Manh Cam recording] It is possible to say that these documents have been prepared over a long time by the directors and high-level specialists; that is, the deputy ministers and permanent secretaries of the ASEAN members. These documents have been discussed for a long time.

Today, the ASEAN foreign ministers exchanged views to perfect these documents before presenting them to the government leaders. The documents discussed by the foreign ministers today include a general report compiled by the foreign and finance ministers to be presented to the government leaders. The general report reviews the implementation of resolutions issued at the Fourth ASEAN Summit in Singapore in January 1992. The second document is the draft communique of the ASEAN government leaders. This will be a very important document because it evaluates ASEAN's past work and outlines directions for the coming period for ASEAN to accelerate cooperation in all fields. Today's conference also discussed a third document; that is, an agreement to establish a nuclear weapon-free zone in Southeast Asia.

Of course, the ministerial conference also discussed other issues related to the organization of the upcoming summit and acknowledged some other documents, including the document on cooperation among universities and the establishment of a tertiary system in the ASEAN countries. [end recording]

Dear friends, in order to participate in the Fifth ASEAN Summit satisfactorily, even though it has only been an official ASEAN member for less than five months, Vietnam has actively implemented and participated in all ASEAN activities. We have contributed a relatively large amount of work to ASEAN activities, especially activities to prepare for this summit. We have participated since the beginning in the compilation of documents and offered practical opinions on cooperation. Our contribution have been welcomed by all ASEAN members.

Another issue that has received public attention is Vietnam joining the ASEAN Free Trade Area, or AFTA. Yesterday, the AFTA High Council held a conference in Bangkok. At this conference, ASEAN members warmly welcomed Vietnam for the first time. The issues discussed in this conference will strongly accelerate the cooperative relations among ASEAN members. This morning, before working time, we met Finance Minister Ho Te, the Vietnamese representative at the AFTA conference. Answering a question by the Vietnamese radio correspondent on Vietnam's activities at the conference, Minister Ho Te said:

[Begin Ho Te recording] The prominent issue is Vietnam's first official participation in the AFTA Council. I was the first Vietnamese to attend the AFTA conference. They warmly welcomed us. Moreover, Vietnam offered its official commitment to the tariff reduction program, which includes four categories. The first category is for immediate tariff reductions. The second is for temporary tariff reductions. The third is for non-reduced tariffs. This is the right of each country and this right cannot be violated. For example, security, national defense, health protection, social safety, fighting against narcotics, and so forth are the right of every country. They must impose the proper customs taxes. The forth category is the list of sensitive agricultural products. We supplied all four categories. [end recording]

Dear friends, as an official ASEAN member, Vietnam is gradually integrating into the common activities of regional countries. Joining ASEAN is a correct move in implementing the foreign policy of independence, sovereignty, and international cooperation. Vietnam's foreign policy has been tried and has recorded many important achievements. Surely we will record even greater achievements.

Ministers' Meetings End 'in Good Atmosphere'

BK1112141695 Bangkok Radio Thailand Network in Thai 1200 GMT 11 Dec 95

[FBIS Translated Text] The meetings of ASEAN foreign and economic ministers ended in good atmosphere today. Deputy Prime Minister Amnuai Wirawan, in his capacity as head of the ASEAN economic ministers meeting, told newsmen that the participants approved major draft documents that will be submitted to ASEAN government leaders and endorsed the report of the ASEAN Free Trade Area [Afta] Council as well as the economic cooperation accords concerning trade, investment, agriculture, services, and intellectual property.

[Begin Amnai recording] To have the sensitive list means we could have special arrangements [preceding two words rendered in english] dealing with compliance time or tariff rates. The fact that this issue could be agreed upon pleases all ASEAN countries. It is normal that each side would have its concern, including Malaysia. Now each country will seek formal approval from its government. [end recording]

Meanwhile, Foreign Minister M.R. [Mom Ratchawong - royal title] Kasemsamoson Kasemsi said the meeting he chaired proceeded in a good atmosphere. He said the meeting did not discuss the U.S. reservations over the nuclear free zone in Southeast Asia.

[Begin Kasemsamoson recording] The five countries will be identified by names. They will be invited to sign the protocol. If one has reservations about it we will discuss it with them.

[unidentified reporter] The United States has said that if the five superpowers do not sign the protocol it will have no enforcement results.

[Kasemsamoson] It is not like that. It is a protocol that has to do with us stating what it should be about. It will be harmonized with several issues, such as nonproliferation of nuclear arms, the nonuse of nuclear weapons, nuclear arms test ban, and nonsupport of new producers of nuclear arms. These are the major principles that are accepted everywhere. Therefore, it should not be a problem. [end recording].

Japan

Reportage on Alleged DPRK Troop Movements

Government Spokesman on 'Rumors'

OW1312040495 Tokyo KYODO in English 0343 GMT 13 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 13 KYODO — Japan's top government spokesman toned down reports Wednesday [13 December] that the North Korean military has advanced southward toward the border with South Korea.

Chief Cabinet Secretary Koken Nosaka told a press conference that he has heard rumors about such a move, but he said he does not think anything would happen.

Nosaka said he bases his opinion judging from North Korea's troublesome situation over the summer floods and subsequent food shortage and the fact that de facto leader Kim Chong-il is not yet atop the State and the Ruling Workers Party of Korea.

A senior U.S. defense official conceded Tuesday that North Korea has made some advance southward in the past month, but he said that the United States sees the move as signs of internal disorder rather than that of an imminent crisis.

U.S. 'Intelligence' Cited

OW1312045995 Tokyo NHK General Television Network in Japanese 1025 GMT 11 Dec 95

[Announcer-read report; from the "NHK News 7" program]

[FBIS Translated Text] Recent unusual military movements by DPRK Forces have been revealed. Units have been reorganized and placed on what appears to be a wartime footing. U.S. intelligence authorities have been carefully analyzing the DPRK's intentions.

U.S. intelligence authorities have told NHK that more than 200 DPRK fighters and bombers were in the air during a two-day period in late October, and that some of them deployed in three bases near the ROK border are ready to make a sortie at any time. U.S. authorities said that during the two-day flight, the DPRK aircraft maintained radio silence to hide their movements from other countries.

In early November, military units were reorganized and placed on what appears to be a wartime footing: Coastal and boarder guards were incorporated into the regular forces under the command of the People's Armed Forces Ministry, and a number of new units were created. The new units have conducted repeated exercises since then.

U.S. intelligence authorities said it is unlikely that the DPRK will undertake military actions in the near future. Nevertheless, the recent military movements are the biggest in such a short time period since the end of the Korean war.

Some experts say there may be growing discontent among the DPRK people and military amid severe food and fuel shortages, which have shaken the political and social situation in the DPRK. U.S. intelligence authorities are working in close cooperation with Japan and the ROK to carefully analyze the DPRK's intentions.

Ex-Medic Says Unit Held Chinese in Cages

OW1212162595 Tokyo KYODO in English 0912 GMT 12 Dec 95

[FBIS Transcribed Text] Shizuoka, Japan, Dec. 12 KYODO — Chinese prisoners of a Japanese germ-warfare unit in wartime Nanjing were held in wire cages each about a meter square, according to testimony by a former medic with the unit.

A Japanese committee which has made a documentary about the victims of Japan's use of chemical and biological weapons in China revealed this Tuesday [12 December].

Committee members said the testimony, which the documentary airs for the first time, comes from Hiroshi Matsumoto, 69, a former medic with unit EI 1644 based in Nanjing.

Since 1991, the committee has been collating statements from people in parts of Zhejiang province on China's central eastern coast which were affected by the release of cholera and bubonic plague as well as from former members of unit EI 1644 and unit 731, another and more widely known germ-warfare unit.

In the 60-minute documentary, Matsumoto testifies that at his unit, there were seven cages in each of several rooms.

Matsumoto said the cages were only big enough for one person to sit cross-legged and that at any one time, several dozen naked Chinese were held in them.

Unit members injected the prisoners with a variety of bacteria and observed them for three or four months, after which they trod on their stomachs and chests until they frothed at their mouths, Matsumoto said.

He said blood samples were then taken from the prisoners and they were killed.

Matsumoto said the cries of the victims are an "indictment against a Japanese Government which to this day still can not acknowledge the fact that germ warfare was carried out by the Japanese military."

"What's called for is full knowledge of the facts and compensation from the Japanese state for the victims."

Cuban President Castro Arrives 12 Dec

Requests Lifting of Sanctions

OW1212150595 Tokyo KYODO in English
1448 GMT 12 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 12 KYODO — Cuban President Fidel Castro called Tuesday [12 December] for Japanese support to help lift U.S. economic sanctions against his country.

Castro made the appeal when he met with former Foreign Minister Hiroshi Mitsuzuka, chief of a Japan-Cuban parliamentarians' league, at a hotel near Narita Airport east of Tokyo, officials said.

"Our country is promoting liberalization of the economy, and what we hope for most is the lifting of U.S. economic sanctions," Castro was quoted as telling Mitsuzuka.

Mitsuzuka told Castro that Cuba should make its own efforts to end U.S. economic sanctions.

"If liberalization makes progress, there will be progress in democratization. I hope your country will make efforts to coexist in peace and prosperity with the northern neighbor. Japan will make efforts on its own," Mitsuzuka told Castro.

Castro met Mitsuzuka after setting foot on Japanese soil for the first time earlier in the day for a brief unofficial visit on his way home from China and Vietnam.

Castro is slated to meet Prime Minister Tomiichi Murayama and Foreign Minister Yohei Kono on Wednesday. He is scheduled to leave Japan Thursday morning.

On Wednesday, Castro will attend a luncheon hosted by the Parliamentarian League headed by Mitsuzuka, according to the Foreign Ministry.

At his meeting with Castro, Kono will likely raise the topics of Cuba's democratization and transition to a market economy, a Foreign Ministry spokesman said.

Spokesman Hiroshi Hashimoto told a news conference that Kono touched on the same issues in a meeting in January with his Cuban counterpart, Roberto Robaina, during the Cuban official's visit to Tokyo.

"Therefore, he will talk about Cuba's democratization and transition to a market economy in line with his previous stand," Hashimoto said.

The spokesman added that Kono may also refer to Cuba's accumulated debts to the Japanese private sector.

Castro appeared tired as he exited the plane wearing his signature green army hat and uniform at Narita Airport north of Tokyo.

But speaking to reporters at a nearby hotel shortly afterward, he jokingly praised the standard of Japanese products, saying his own eyes must be "made in Japan" since they were able to withstand the onslaught of flashes from photographers' cameras recording the event.

Security was tight at the airport for the arrival.

U.S. 'Lambasted' for Bombing

OW1312112195 Tokyo KYODO in English
1020 GMT 13 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 13 KYODO — Cuban President Fidel Castro lambasted the United States on Wednesday [13 December] for its atom-bombing of Japan in 1945, a senior foreign ministry official said.

In defending his communist country from criticism of its human rights record, castro said in a meeting with foreign minister Yohei Kono that the U.S. nuclear attacks on Japan were acts which truly violated human rights, said the official, who requested anonymity.

"Can a country that dropped an atomic bomb on hiroshima be called a champion of human rights?" Castro reportedly said to Kono.

The Cuban president, who is in Japan on his way home from China and vietnam, made the remark in the course of discussion on the tight U.S. economic blockade of cuba, the official said.

The U.S. nuclear attack on hiroshima on Aug. 6, 1945, took the lives of 140,000 people. The U.S. dropped another atomic bomb on nagasaki three days later, killing some 70,000 people.

Kono told castro that havana's policy on human rights issues is a key to improving ties with Washington. He also urged cuba to shift from communist single-party rule to a democratic multiparty system.

Kono, Nakayama Differ on U.S. Envoy's Remark

OW1212043995 Tokyo KYODO in English
0402 GMT 12 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 12 KYODO — Foreign Minister Yohei Kono and Management and Coordination Agency chief Masaaki Nakayama differed Tuesday [12 December] over whether Japan should thank the U.S. ambassador in Moscow for his recent remarks that four Russian-held disputed islands should be returned to Japan.

"Is it alright for Japan to remain silent? We should express our gratitude to the U.S. ambassador," Nakayama said at Tuesday's informal meeting of cabinet ministers.

Kono responded that he was grateful for the remark, but added that the U.S. has stated at every opportunity that the islands are Japanese sovereign territory.

"This is a Japan-Russia bilateral issue and it is not necessary for the United States to take it up in this way," said Kono.

U.S. envoy to Russia Thomas Pickering said recently that the four Russian-held islands east of Japan's northern main island of Hokkaido should be returned to Japan. This sparked protests in the Russian Foreign Ministry and demands that Washington recall its ambassador.

The islands off Hokkaido — Kunashiri, Etorofu, Shikotan Islands and the Habomai group of islets — were once part of Japanese territory but were captured by the Soviet Union at the end of World War II.

The dispute over the islands has prevented Tokyo and Moscow from formally signing a bilateral peace treaty.

Tokyo To Ask U.S. To Grant Business Permit

OW1312054995 Tokyo ASAHI SHIMBUN in Japanese 12 Dec 95 Morning Edition p 3

[FBIS Translated Text] It was learned that the project of KDD to become the first Japanese company to resell dedicated international telephone lines between Japan and the United States through a subsidiary has recently been blocked by the U.S. Government, and the project is now at a standstill. The Ministry of Posts and Telecommunications [MPT] will ask the U.S. Government to grant a business permit as soon as possible at the World Trade Organization (WTO) basic communications negotiations starting in Geneva on 13 December.

If KDD's service is approved, this will mean the participation of a Japanese telephone company in the U.S. telecommunications market. Administrative procedures are being delayed by complaints from U.S. competitors. The MPT thinks that this is a case of "invisible regulations forming a barrier."

KDD's plan is to connect KDD America, a 100 percent KDD-owned U.S. subsidiary, and KDD Teleserve, a 100 percent KDD-owned domestic subsidiary, by dedicated international lines, and to resell these lines to multinational corporations based in Japan or the United States. These lines can be used for phone calls and to transmit data, and KDD projects a potential demand of several hundred million yen.

KDD America applied for a business permit from the Federal Communications Committee (FCC) in August under the U.S. Communications Law. However, when public notices on the project were circulated, the No. one U.S. international and long-distance telephone company, AT&T, presented "dissenting" views to the FCC on the project. The FCC has not reached a conclusion, and the application is still pending.

KDD Teleserve is originally a Special Category Two operator which leases dedicated international telephones lines from KDD for resale. According to KDD, the required administrative procedures in Japan have been completed, and resale services will also start in the UK and Germany before March 1996 through subsidiaries in those countries. However, "since it is totally unclear when the U.S. Government will come to a decision," (according to KDD) the whole project is being halted. The United States approved a similar application by a British communications company recently.

According to the MPT and KDD, AT&T's opposition to the project is based on the fact that in Japan, there are restrictions on foreign capital with regard to Category One operators, which own dedicated communication lines. It demands the lifting of such restrictions.

To this, the MPT argues that, "In Japan, even 100-percent foreign-owned companies are allowed to do business as Special Category Two operators reselling dedicated telephone lines, which are in question in the present case, and the processing period for such applications has been set at within 15 days. This is confusing the issue." It plans to seek redress from the U.S. Government.

Since the easing of regulations in April, three foreign telecommunications companies, including Deutsche Telecom, have applied for a permit to go into the resale of dedicated international telephone lines for audio transmission in Japan, and all three have been granted permits.

U.S. Marines Live-Fire Training Draws Protest

Past Opposition Summarized

OW1212040995 Naha OKINAWA TIMES in Japanese 12 Dec 95 Morning Edition p 1

[FBIS Translated Text] The U.S. Marine Corps in Okinawa will carry out live-fire artillery training across Prefectural Highway 104 at the training area on Camp

Hansen. The training is scheduled to start on the morning of 12 December. In this regard, residents of Onna-son's Kisenbaru District, adjacent to an impact area, will hold — for the first time in some 20 years — a rally on the afternoon of the same day to call for a halt to the training. In mid-1979, local residents launched the "Kisenbaru Struggle." At that time, some labor union members entered the impact area and stopped artillery training.

On the resumption of action to protest against the training, District Manager Morisaku Isagawa (32) explained: "The district residents voluntarily stood up to protest against the U.S. military, which fulfills its assigned task without listening to the residents' call for a suspension of the training." Isagawa, who was a junior high school student when the previous rally was held (some 20 years ago), also said: "The desire to get rid of the training made the residents gather together once again."

The Kisenbaru Struggle was a movement designed to stop the Marine Corps' live-fire artillery training, which started in 1973. The movement lasted for three years from 1974 and many labor union members and college students entered the impact area called Boot Hill and stopped the trainings by force. However, a gap between the movement organizers and the residents widened as the activities, including an action program to stop the training, escalated. Eventually, the Kisenbaru residents halted their participation in the struggle.

Two years ago, the residents began to take part in an opposition movement. One of the things they did was set up sign boards at both ends of Prefectural Highway 104, which runs through the district.

It is expected that more than 250 people out of about 400 residents will attend the rally. Representatives of the students at Kisenbaru Junior High and Elementary Schools, women's association, and senior citizens' groups will make speeches at the rally to protest against the training. The rally will start at 1530 [0630 GMT] at the town square. After the rally, participants will march to the place where the prefectural highway is blocked for the training.

Residents Stage Rally

OW1212120395 Tokyo KYODO in English 1128 GMT 12 Dec 95

[FBIS Transcribed Text] Naha, Japan, Dec. 12 KYODO — The U.S. Marine Corps stationed in Okinawa prefecture began a four-day live firing drill Tuesday [12 December] as local residents staged a protest rally for the first time in about 20 years.

The latest firing exercise is the 11th of its kind this year and the first since the U.S. Marines resumed their live-fire artillery exercise at Camp Hansen in late November for the first time since the rape of an Okinawa schoolgirl in September, for which three U.S. servicemen are on trial.

Some 250 of about 400 residents near the firing site that extends across Prefectural Highway 104 got together at a local park in protest against the drill, wearing red bands around their heads to symbolize their anger over the exercise that requires the closure of a 3.7-kilometer stretch of the highway.

The head of Kin town, where the drill site is located, urged the Okinawa prefectural government to demand a halt to the exercise.

Katsuhiro Yoshida made the appeal representing 15 groups in his town such as local assemblies and education boards.

"Crimes and accidents involving U.S. servicemen have occurred frequently and drills have disrupted the environment over the past 50 years," Yoshida told reporters. "We may choose to protest the central government."

"We as residents want to protest this act which goes against the feelings of local people," said Seisaku Isagawa, chief of a local community association.

"It takes time to go around (the highway) as we are forced to do, and we hear the roar of shells and see windows rattle whenever a drill takes place. I want to think of this problem with the Okinawan people as a whole," said local junior high school student Mayumi Hokama in reading her essay titled "Big Problem in a Small Village" at the protest meeting.

Local residents have long demanded an end to such drills, saying they are inconvenienced by the closing of the highway and that they fear the shelling may trigger fires in the hills, landslides and other damage to nature.

Participants in the meeting later marched toward the closed part of the highway near the drill site with children leading the way.

Separately, a group of some 60 labor union members staged a rally in front of the main gate of Camp Hansen, where another 120 or so antibase activists also rallied against the drill.

The latest firing drill, the 164th since 1973, came amid Okinawan people's outcry over the U.S. military presence continuing since the rape incident.

Okinawa accounts for just 0.6 percent of Japan's land area but hosts about 75 percent of U.S. military facilities in Japan in terms of acreage.

Agency Not Advised of Futenma Relocation Plan

OW1212032595 Naha OKINAWA TIMES in Japanese 12 Dec 95 Morning Edition p 2

[FBIS Translated Text] Tokyo — With regard to a statement by Director General Seishiro Eto of the Defense Agency [DA] revealing a plan to move the Futenma airfield to reclaimed land off Naha Airport, the Defense Facilities Administration Agency [DFAA] is distressed, saying: "We have not heard of such a plan."

A senior DFAA official said on 11 December, "I heard about it for the first time from the television news on 8 December, and was very surprised. There has not been any instruction from the DA to study such a possibility."

He explained: "I understand that Okinawa strongly demands the return of the Futenma Air Station. I thought the Okinawa Action Committee dealing with U.S. military bases and the Japan-U.S. Special Action Committee are supposed to start discussions on the return."

Another official of the DFAA was also visibly confused. He said: "We have not heard anything from the U.S. forces with regard to operational issues; I cannot really say how practical this plan is. I doubt if the local community will accept an airfield which will come with a lot of noise."

Chief Cabinet Secretary Koken Nosaka said at a news conference on 11 December: "(The cost of land reclamation) is relatively cheap. This plan is probably being discussed behind the scenes, but has not been brought up openly," hinting that discussions are under way.

It is believed that discussions are taking place at the political level in connection with efforts to find a solution to the issue of forced lease of military land.

Editorial Views Proposed Relocation of Futenma

OW1212070595 Naha RYUKYU SHIMPO in Japanese 11 Dec 95 Morning Edition p 5

[Editorial: "Idea of Relocating Military Bases to Offshore Land Reclamation Site Is Hard To Understand"]

[FBIS Translated Text] As a part of the reorganization and reduction of U.S. military bases, Okinawa strongly calls for a complete withdrawal of the air station in Futenma. But an idea to relocate the air station to a land reclamation site off Naha Airport has emerged out as a solution to the issue. It seems that this idea will create a stir.

This was disclosed by a Defense Agency [DA] source. Although it is still in the stage of idea, the concept calls for building a new military base on the land reclamation site off Naha Airport (a project whose construction cost is estimated at several hundred billion yen) and moving the U.S. Marine Corps Air Station [MCAS] there. It also calls for the relocation of the Maritime and Air Self-Defense Forces to the new site. To the DA, it is a solution that "kills two birds with one stone."

The MCAS is adjacent to residential areas. It is a base that creates much base pollution, including noise, and imposes threats to schools and residents. Moreover, the base is located in the central region of the main island of Okinawa. People are placing great hope on utilizing base land, saying that this is an area where people stress the potential and plausibility of developing and promoting regional economy. The prefectural government and Ginowan City have long been calling for the complete return of the base land.

Although the MCAS is a Marine base, some specialists are saying that, judging from its strategic role, there is no positive significance in having the Marines stationed particularly in Okinawa. Some of them are saying that the Marine Corps facilities can be moved to the United States. Some others say that the Marines can shuttle back and forth by ship between the United States and Okinawa. Therefore, they insist that there is no need for the Marine Corps to have its troops stationed in Okinawa.

To Okinawa, the MCAS is a base whose return is needed most. Even from the standpoint of the U.S. military, some people point out the possibility of relocating the base elsewhere. Indeed, it is a difficult issue to solve. But it seems that the MCAS issue, depending of how both sides improve conditions for its return, is not deadlocked either.

Selection of a new location for the units and facilities which are already at the MCAS, and how they can be relocated to a new site, will become new issues. Needless to say, it is expected that both sides will seek solutions to the issues and raise questions from various perspectives.

The DA's idea is one of choices. However, the point is why the prefectural people continue to call for a reduction or return of the military bases and whether or not the idea meets the essence of the demand.

Near-misses frequently occur in the airspace near Naha Airport and the safety of the sky is in danger. There will be no change to the fact that the bases remain in small Okinawa, even if they are relocated to an air base on the offshore land reclamation site. This is an idea designed to relocate the military bases from one place to another within the prefecture, and is linked to allowing the military bases to stay in Okinawa for a long time. It is far from the formation of a peaceful Okinawa without military bases.

Reportedly, there is a plan to relocate not only the MCAS, but also Kadena Airbase to the offshore site by spending a huge amount of funds, according to a "weekly information magazine." Regardless of its authenticity, the concept of relocating the military bases to offshore land reclamation sites can be understood as a movement that supports the fact that the DA has begun to study the possibility of realizing relocation of the MCAS while observing the prefectural peoples' reactions to the idea.

Characterizing the MCAS as a base indispensable to securing emergency deployment capability, the U.S. military is reluctant to its return. To the people in Okinawa Prefecture, the MCAS jeopardizes their right to live. Moreover, as a measure to settle the military base issue, the DA disclosed the idea of relocating the MCAS to an offshore land reclamation site out of the blue. It is a plan designed to allow the military bases to take root in Okinawa, and we just cannot understand it. However, it would be a different story if the land reclamation site was far from Okinawa, or in other country for that matter.

Kono Urges Early Resumption of Test Ban Talks

OW1212120195 Tokyo KYODO in English
1056 GMT 12 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 12 KYODO — Foreign Minister Yohei Kono expressed hope Tuesday [12 December] that the final round of negotiations to conclude a comprehensive international nuclear test ban treaty will begin at an early point in 1996, a ministry official said.

He made the call in a meeting with John Holum, director of the U.S. Arms Control and Disarmament Agency, who is visiting Japan for talks on bilateral cooperation in promoting disarmament worldwide, the official said.

"Nuclear disarmament that will lead to abolition of all nuclear arsenals is our primary goal," Kono was quoted as saying. "We hope final negotiations for the CTBT (Comprehensive Test Ban Treaty) will kick off at the earliest possible date next year."

The CTBT, which aims at a global ban on underground nuclear tests, is expected to be concluded and signed by the fall of 1996.

Kono also slammed France and China for their policy of continuing nuclear experiments, saying their attitudes run counter to the current of international nuclear disarmament.

'Senior Official': WTO Session on 14 Dec

OW1212130695 Tokyo KYODO in English
1133 GMT 12 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 12 KYODO — The World Trade Organization (WTO) will hold an informal session Thursday [14 December] in Geneva to prepare for its first ministerial conference to be held in Singapore in December next year, a senior foreign ministry official said Tuesday.

The official, who requested anonymity, said representatives from 10 countries and organizations, including Japan, the United States and the European Union, will attend the meeting.

Other countries to be represented will be Canada, Singapore, Australia, India, Switzerland, Brazil and Egypt, the official said.

Main topics on the agenda for the ministerial conference are measures to strengthen the WTO's functions and promote its activities, the official said.

Other issues to be discussed will include the opening of telecommunications and shipping markets left over in the Uruguay round of world trade negotiations which was concluded at the end of 1993, he said.

Chinese Boat Leaves After Japanese Demand

OW1212064895 Tokyo KYODO in English
0543 GMT 12 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 12 KYODO — A Chinese Government ship carried out an oceanic survey in Japanese territorial water near the disputed Senkaku Islands in the East China Sea in May and June, officials said Tuesday [12 December].

The boat belonging to China's State Oceanography Bureau left for Chinese territorial water after Japan's Maritime Safety Agency and Foreign Ministry demanded that China suspend the oceanic investigation.

Masanao Saka, chief of the agency's Guard and Rescue Department, told the House of Councillors Foreign Affairs Committee that the Chinese ship conducted the survey in the sea off the southern Japanese island of Miyako from May 11 to 19 and May 30 to June 7.

Ryozo Kato, who heads the Foreign Ministry's Asian Affairs Bureau, reiterated the government's stance at the committee session that the Senkaku Islands are part of Japan's territory and that Japan's sovereignty should not be infringed on.

China also claims sovereignty over the Senkaku Islands.

Coalition Approves Guns for Peacekeeping Mission

OW1212054995 Tokyo KYODO in English
0455 GMT 12 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 12 KYODO — The three ruling coalition parties agreed Tuesday [12 December] that a planned Japanese peacekeeping mission to the Golan Heights should have a total of two light machine guns in its armory.

The agreement was reached after the Social Democratic Party (SDP) changed its stance on the issue.

Pending cabinet approval, expected Friday, an advance party of the peacekeeping mission will be dispatched to the Israeli-occupied area of Syria in late January. The main contingent is expected to arrive on the Golan Heights by mid-February.

Prime Minister Tomiichi Murayama's SDP had been opposed to allowing Self-Defense Forces (SDF) personnel to carry automatic weapons on the UN peacekeeping mission, whereas its coalition partners, the Liberal Democratic Party (LDP) and new party Sakigake [Harbinger], had advocated equipping the mission with such weapons.

In a meeting Tuesday, SDP policy-makers decided to agree to the machine guns provided the weapons are stored in an armory during routine operations.

The SDP also insisted that the number and kind of firearms for the SDF peacekeepers be determined before a formal decision on their dispatch and that the troops be banned from participating in drills with peacekeepers from other nations that could violate Japan's law on UN peacekeeping operations, which prohibits weapon use, except for self-defense.

The LDP and new party Sakigake accepted the demands.

The Defense Agency had demanded that SDF troops be allowed to have a total of three light machine guns, like the Canadian troops they will replace, but finally agreed to two automatic weapons.

The government plans to send a 43-member ground Self-Defense Force transport unit and a 60-member Air Self-Defense Force unit to join the Syria-based UN Disengagement Observer Force.

The Japanese contingent will take over the duties of departing Canadian troops, such as transporting food and other supplies.

Foreign Ministry Announces Aid Disbursements

Loan to Guatemala

OW1312053895 Tokyo KYODO in English
0438 GMT 13 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 13 KYODO — Japan will extend a low-interest loan of up to 3.1 billion yen to Guatemala as part of efforts to help improve the provincial infrastructure in the Central American country, the Foreign Ministry said Wednesday [13 December].

Officials of the two countries exchanged notes on the yen credit in Guatemala City on Tuesday, the ministry said.

The untied loan will carry an interest rate of 3 percent per annum. It is repayable over 30 years, including a grace period of 10 years.

The credit will be provided under a contract to be concluded between the Government of Guatemala and the Japanese Government- Financed Overseas Economic Cooperation Fund.

The fresh aid, to be used to for economic and social infrastructure improvement outside Guatemala's metropolitan area, brings the total amount of Japanese yen loans to Guatemala to 13.7 billion yen, the ministry said.

Grant for Haiti

OW1312053795 Tokyo KYODO in English
0400 GMT 13 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 13 KYODO — Japan will extend grant aid of up to 300 million yen to Haiti to help it purchase food from abroad, the Foreign Ministry said Wednesday [13 December].

Haitian and Japanese officials exchanged notes on the assistance in Haiti's capital of Port-au-Prince the same day, the ministry said.

The aid is part of Japan's efforts to assist Haiti's democratization and reconstruction of its economy, it said.

Further on Monju Nuclear Reactor Accident

Report Delay Questioned

OW1312121695 Tokyo NIHON KEIZAI SHIMBUN in Japanese 12 Dec 95 Morning Edition p 3

[FBIS Translated Text] It was revealed on 11 December that the accident at the "Monju" fast-breeder reactor was reported to the Prime Minister's Office [PMO] at

2140 [local time] on 8 December, or two hours after the accident occurred. A top government official indicated the intention to overlook this, saying: "Only the Science and Technology Agency knows anything about it. I think the agency reported it following confirmation of the facts."

However, it is pointed out that the delay revealed once again the weakness of the PMO crisis management system.

Governor Lodges Complaint

OW1212094195 Tokyo KYODO in English
0850 GMT 12 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 12 KYODO — Yukio Kurita, governor of Fukui Prefecture, protested to Prime Minister Tomiichi Murayama on Tuesday [12 December] over Friday's accident at a plutonium-based prototype fast-breeder nuclear reactor in the prefecture.

The governor handed over a letter to Murayama at the Prime Minister's Official Residence, urging the government to thoroughly investigate the case and take measures to prevent a recurrence of such accidents.

The prefectural government was not informed of the accident quickly or adequately enough, which hurt prefectural residents' confidence in the reactor, called Monju, the letter said.

Kurita demanded the state to cancel all plans for experiments on Monju and totally review them, as well as to build a consensus among the whole Japanese people on Japan's development and use of fast-breeder reactors.

The governor told reporters after the meeting that Murayama said there was a need to take "thoroughgoing" measures to assuage the anxiety of the people of Fukui Prefecture.

Kurita quoted the premier as saying that he has instructed the Science and Technology Agency to carry out a thorough investigation.

Monju, located in Tsuruga, Fukui Prefecture, on the Sea of Japan coast 340 kilometers west of Tokyo, was shut down Friday evening after 2 to 3 tons of liquid sodium coolant was found to have leaked from the reactor's secondary cooling system.

Japan's long-term nuclear power program calls for the use of fast-breeder reactors, which generate more plutonium than they use.

Coolant Removal Continues

OW1212143995 Tokyo KYODO in English
1321 GMT 12 Dec 95

[FBIS Transcribed Text] Fukui, Japan, Dec. 12 KYODO — The operator of Japan's first prototype fast-breeder nuclear reactor, shut down last Friday [8 December] due to a sodium leak, reported progress Tuesday in removing the highly corrosive coolant from its cooling system.

The governmental Power Reactor and Nuclear Fuel Development Corp. (Donen) said it removed all radioactive liquid sodium from the first cooling system of the Monju reactor and took out part of the nonradioactive sodium from the secondary cooling system, from which the coolant leaked.

Donen officials said they expect to start work on cleaning up the cooling system's concrete-sealed pipe-housing room as early as Thursday as some 20 tons of nonradioactive sodium remaining in the secondary cooling system could be removed by Wednesday.

The sodium leak is suspected of having occurred at a welded section of pipe in the room, which was open to the press Tuesday for the first time since the accident. Reporters clad in protective gear were allowed to enter the room for about 30 minutes.

The pipe in question is installed about 3.3 meters above the floor with a temperature-monitoring system on the wall filled with sodium compound.

The Monju reactor, located in Tsuruga, Fukui Prefecture, on the Sea of Japan coast, started operations in August after a decade of technical problems and before the full-capacity operations scheduled to start next June.

The neighboring prefecture of Ishikawa plans to urge Donen to provide necessary information about the accident and take appropriate action to prevent further accidents, government officials said.

They said the request will be made in a letter sent Wednesday to the governmental agency.

Under a pact between the prefecture and Donen, the operator is obliged to provide the prefecture with information about any accident at Monju in the event of emergencies at the reactor.

Donen has not yet provided information about the sodium leak because it says the incident was not an emergency, Ishikawa Prefectural Government officials said.

The 280-megawatt reactor is designed to produce more nuclear fuel than it consumes and is considered the cornerstone of energy-hungry Japan's nuclear power program.

'Improper Inspections' Cited

OW1312040595 Tokyo KYODO in English 0324 GMT 13 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 13 KYODO — The weld sites in the secondary cooling system of Japan's prototype fast-breeder nuclear reactor where sodium leaks forced a shutdown last week may have been improperly inspected, investigators suggested Wednesday [13 December].

Investigators said the outer surface of the weld sites were inspected when the reactor began operations, but the inside of the welds in the cooling pipes where small cracks can appear from the high temperatures were apparently not checked.

Welding experts said the sodium reaching temperatures of 500 C [Celsius] and the shaking of pipes may open small fissures on the inside of the welds where the sodium can enter and further pry open the cracks.

The officials, responsible for the investigation of the reactor known as "Monju," said there was no negligence in the initial inspections under the law, but added that the question of damage to the insides of the weld sites may have been overlooked.

It may require a reconsideration of the current inspection system, the officials said.

The Science and Technology Agency is responsible for the overall safety of Japan's nuclear reactors, while its affiliated center for nuclear power safety and technology is in charge of inspections to guard against the breakdown of the reactors.

The center is preparing to report on its findings to the agency.

Even with the use of X-rays and ultrasound inspection techniques, the insides of the weld sites are hard to examine and current laws only require checks on the surface of the sites, the officials said.

Yoshio Momma, a metals researcher who took part in the research used in planning the inspection plans for Monju, suggested Wednesday that as the welds hardened small cracks may have appeared on the inside of the sites, which were forced open by the shaking of the pipes and the high temperatures.

"The welding was basically all right, but apparently there are weak spots from the rapid heating and cooling. It seems likely that the defects were overlooked in the small weld sites," Momma said.

On Tuesday, operations were under way to remove radioactive liquid sodium in the primary cooling system, which goes through the core of the 280,000-kilowatt reactor.

Officials said, however, the removal will take some time and that it will also take time for some 140 tons of the sodium in the secondary cooling system to be removed.

The agency has sent a 10-member team to investigate the cause of the leak at the reactor, which is located in Tsuruga, Fukui prefecture, on the Sea of Japan coast.

Monju began generating electricity in August and was scheduled to start full operations in June next year. It was operating at 40 percent of capacity at the time of the accident Friday night.

The governmental power reactor and Nuclear Fuel Development Corp. said Wednesday it has started removing the liquid sodium coolant from the secondary cooling system and hoped to have the operation completed later in the evening.

Investigators also plan to take samples of the leaked sodium for testing and analysis Wednesday afternoon.

Meanwhile, Prime Minister Tomiichi Murayama told the House of Councillors Plenary Session that the cause of the accident will be made clear and measures would be taken to prevent any reoccurrence.

"In order to eliminate the anxieties of the local citizens, it is important that all information be made public," he said.

Reactor To Remain Off-Line

OW1312050495 Tokyo ASAHI SHIMBUN in Japanese 12 Dec 95 Morning Edition p 2

[FBIS Translated Text] Fukui Prefecture Governor Yukio Kurita has asked Director General Yasuoki Urano of the Science and Technology Agency, who inspected the Monju on 11 December, for "the withdrawal and thorough review of the Monju's performance test plans." This follows the leakage of sodium coolant from the second cooling system of the prototype fast-breeder reactor "Monju" of the Power Reactor and Nuclear Fuel Development Corporation (Donen) in Tsuruga City, Fukui.

As the local community takes a very tough stand on the investigation of the cause of the accident and the verification of safety before the reactor resumes operation, Monju's resumption of operations will probably be delayed significantly. On the basis of the technical procedures alone, Donen believes that "in the worst case, it will take about two years before operations can resume."

The recent accident occurred while the reactor was being tested for performance before moving up to full operating capacity. The test was designed to examine fuel combustion, and would usually be expected to take one year, after which modified performance tests would have to be conducted for another year or so.

The worst possible outcome will require the reworking of designs, including the replacement of pipes, and "will take about two years before operations can be resumed."

Donen attaches great importance to the impact of the accident on the local community. A setback in the operational plans of the prototype fast-breeder reactor may have a serious effect on plans for the demonstration reactor, and the national government's long- term program as a whole.

Hosokawa Backs Hata's Bid for Party Presidency

OW1212092495 Tokyo KYODO in English
0835 GMT 12 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 12 KYODO — Former Prime Minister Morihiro Hosokawa on Tuesday [12 December] threw his weight behind Tsutomu Hata, one of the two principal candidates for the party presidential election for the main opposition Shinshinto (New Frontier Party).

Hata and his only opponent so far, Shinshinto Secretary General Ichiro Ozawa, have opened their campaign headquarters in hotels in Tokyo.

Hosokawa's backing of Hata, announced at a press conference, came several hours after Kozo Watanabe, who chairs the party's Policy Affairs Committee, publicly voiced his support for Ozawa.

Ozawa has already secured cooperation from former Prime Minister Toshiki Kaifu, who has said he will not seek reelection as president of the party.

Hata said at his campaign headquarters, "I will devote myself to the task of leading Japan in the right direction."

At the opposing camp, Takashi Yonezawa, who heads the election campaign for Ozawa, called for full cooperation for a victory in the race, which is expected to be a duel between the two.

Candidates for the Shinshinto presidency have until Saturday to register and the deadline for voting by mail is Dec. 26. The outcome will be announced Dec. 28.

Under a recently adopted election rule, anybody aged 18 or more who pays 1,000 yen can vote in the presidential race.

Murayama Announces 'No Plans' To Head New Party

OW1212112495 Tokyo KYODO in English
1020 GMT 12 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 12 KYODO — Prime Minister Tomiichi Murayama said Tuesday [12 December] he has no plans to assume the presidency of a new party to be formed next January to replace his Social Democratic Party.

"I would like to make it certain that I have no intention of assuming the presidency of the new party," Murayama said at a meeting of the SDP's local representatives.

Under a scheme approved by the SDP's policy-making committee, the SDP is scheduled to call a special party convention Jan. 19 to dissolve itself and set up a new party with a view to having a better chance of winning upcoming elections.

Murayama is widely seen as a likely candidate to be the first president of the new party.

SDP prefectural leaders taking part in the meeting by and large opposed the new party scheme or took a cautious view about changing the SDP into such a new party.

But SDP Secretary General Wataru Kubo, a crusader of the scheme, refuted such arguments, stressing the need to change the party into a new party so as to better contest upcoming elections.

"It cannot be allowed to discuss how to form a new party from a viewpoint of the SDP alone. We must put an end to debate over the new party and speed up preparation for the next general election," Kubo said.

Murayama 'May' Intervene in Housing Loan Crisis

OW1212130595 Tokyo KYODO in English
1112 GMT 12 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 12 KYODO — No breakthrough is in sight between two creditor groups over how to share the huge cost of liquidating ailing mortgage companies, financial sources said Tuesday [12 December].

If the dispute remains unsettled by the targeted date of mid-December, with both parties unwilling to budge, Prime Minister Tomiichi Murayama may step in, said the sources.

The wrangling is between the banks that founded the housing lenders and their biggest creditors, agriculture-affiliated financial institutions.

Both parties are holding the other responsible for the current plight of seven of Japan's eight housing loan companies, which are doomed to dissolution as they are on the brink of going broke under the heavy load of delinquent loans.

The two ministries representing each party vowed to come up with a certain framework for a solution by Friday, in line with guidelines recently worked out by the ruling coalition party.

But no solution is looming between the Finance Ministry and the Agriculture, Forestry and Fisheries Ministry over how to share the huge 6.27 trillion yen in losses that will stem from the dissolution of the seven lenders, the sources said.

The sum is part of 7.51 trillion yen in losses expected to emerge when assets at the seven mortgage companies are shifted to a loan-buying vehicle to be created shortly, in the wake of the seven companies' liquidation.

In the first major effort to break through the situation following the release of the guidelines, Finance Minister Masayoshi Takemura and Farm Minister Hosei Norota met Monday.

But the meeting produced no major accords on the key issues.

The agricultural financial institution camp says the farming sector will not put up any money for the liquidation scheme.

Meanwhile, the founder banks say they are prepared to give up all their claims on the housing lenders but losses beyond the claims should be shouldered by agricultural organs.

The founders say they will bring the case to court if a final scheme proves unacceptable to them.

If the housing loan companies are to go bankrupt under a legal framework as sought by the founders, the recoverable loans at the housing lenders will be distributed to creditors in proportion to the extent of the lending provided, a scenario unacceptable for the farm sector.

Under such a scheme, some of the financially feeble farm financiers may face the danger of going under.

The Finance Ministry has outlined a framework for the disposal scheme calling for the farm camp to provide around 1 trillion yen in donations to the loan-collecting vehicle in exchange for ensuring government guarantee for repayments of principal on their loans to the seven housing lenders, totaling 5.5 trillion yen, the sources said.

Farm financial institutions say even 1 trillion yen in financial burden alone is too heavy in view of their financial fragility.

The Agriculture Ministry thinks the farm camp could put up some 500 billion yen for the scheme without endangering its financial organs, according to farm ministry officials.

There would still, however, be a shortage of some 1 trillion yen in that case.

BOJ Considers Plan To Liquidate Housing Firms

OW1212131295 Tokyo KYODO in English 1252 GMT 12 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 12 KYODO — The Bank of Japan (BOJ) is moving to accept a Finance Ministry plan for the central bank to provide about 200 billion yen in a scheme to liquidate the beleaguered housing loan companies, sources at the ministry and the BOJ said Tuesday [12 December].

The central bank will extend the money to a vehicle to be created to inherit the assets and debts of the housing lenders after their dissolution, via the Deposit Insurance Corp., the sources said.

The financial assistance will take the form of lending and capital contribution, the sources said.

The plan calls for the government to guarantee repayments of principal and interest on the BOJ loans, thus giving the central bank protection from losses that may arise in the process of the new entity's retrieving inherited claims, the sources said.

The BOJ had been strongly opposed to shouldering part of the financial burden involved in the scheme to liquidate seven of Japan's eight housing lenders, floundering under the heavy load of bad loans following the collapse of the bubble economy.

The BOJ had claimed that creditors to the housing lenders should fully share the costs of the scheme.

Under the new plan, the new vehicle will be a stock company with a capital of about 200-300 billion yen to be put up by the central bank and the private banking sector, the sources said.

Poll Shows Opposition to Housing Loan Bailout

OW1212093795 Tokyo MAINICHI SHIMBUN in Japanese 10 Dec 95 Morning Edition p 3

[FBIS Translated Text] MAINICHI SHIMBUN conducted a public opinion poll early this month on the ruling coalition parties' decision to use public funds to dispose of housing loan companies' (jusen) bad loans.

According to the poll, 73 percent of respondents opposed (or "rather" opposed) using public funds. In connection with financial institution failures and the Daiwa Bank incident, three of four respondents said they have "immense" (or "some") anxieties about the Japanese financial system. As for land prices and real estate values, 57 percent answered that "they should be lowered further."

A majority of respondents in their forties to sixties opposed introducing public funds to rescue the housing loan companies. For example, 81 percent of male respondents in their sixties and 80 percent of those in their fifties opposed the decision. Eighty percent of laborers stood against it, marking a notably high rate among all occupations. More people in urban districts opposed the decision than in rural districts. Those who supported (or "rather supported") the ruling parties' decision ran to 22 percent, and one of four respondents in their twenties and thirties favored it.

Many respondents in their thirties and forties expressed their distrust of the financial system. In particular, 80 percent of female respondents in their forties showed their anxieties. Among laborers and managers, 80 percent said they distrust the system. Eighty-three percent of those living in Tokyo and 81 percent of those in Tokai district shared the same view. In addition, 75 percent of those who had expressed anxiety about the financial system opposed the use of public funds. Even among those who said they had no anxiety about it, 70 percent opposed introduction of public funds.

The younger their generation, the more people want land prices and real estate values to be lowered further. For example, 60 percent of those in their twenties and thirties favored lower prices, and 64 percent of male respondents in their twenties answered that they had the same sentiments. Over 60 percent of laborers and salaried workers in managerial and clerical posts held such views. In several districts in major cities, the percentages holding such views were high. In particular, 63 percent favored lower land prices in both Tokyo and Shikoku districts. Thirty-one percent "approved the present circumstances," while 57 percent answered that "they should be lowered further." Over 90 percent of those in their twenties and thirties favored further cuts.

Examiners interviewed 3,000 voters nationwide from 1 to 3 December, and 71 percent of those polled answered questions.

Ministers Still Divided on 5-Year Defense Plan

*OW1212111295 Tokyo KYODO in English
0924 GMT 12 Dec 95*

[FBIS Transcribed Text] Tokyo, Dec. 12 KYODO — Finance Minister Masayoshi Takemura and Defense Agency Director General Seishiro Eto failed Tuesday [12 December] to agree on the size of spending for a five-year defense buildup program starting in fiscal 1996, a Ministry of Finance official said.

Takemura and Eto will meet again Wednesday, following working-level talks between Ministry of Finance (MOF) and Defense Agency bureaucrats, because both know they have to reach an accord Wednesday if the government is to decide on the scheme Thursday as planned, the official said.

At the meeting, Eto proposed inviting opinions from the ruling coalition on spending size, although it is bureaucrats who will finalize concrete figures, and Takemura accepted the proposal, the official said.

The five-year program will be the first medium-term defense plan to be compiled under the new National Defense Program Outline adopted by cabinet ministers last month which calls for rationalized, smaller and more efficient defense capabilities.

In the outline, the Defense Agency is asking for 25.72 trillion yen, with growth in the five-year period averaging 2.8 percent, to improve the quality of defense power, while MOF wants to spend no more than 24.30 trillion yen with an average rise of 1 percent.

The official declined to reveal figures exchanged between the state ministers at the talks, saying they are still under negotiation, although he said the 2.8 percent growth demanded by the defense side is too high.

Takemura sought Eto's understanding on a smaller spending plan, citing global trends toward demilitarization, slowing economic growth and financial strains, the official said.

Meanwhile, the official noted the ministers did not discuss the purchase of the next-generation FSX support fighter plane and other contentious points on specifics of the plan because they focused on the overall scale of expenditure.

DA: FSX Production Not To Break Export Ban

*OW1212063695 Tokyo MAINICHI SHIMBUN
in Japanese 8 Dec 95 Morning Edition p 3*

[FBIS Translated Text] On 7 December, the Defense Agency [DA] announced its decision that the joint production of the next-generation fighter (FSX) with the United States would not run counter to the three principles of banning arms exports. In releasing the decision, the DA recognized, for the first time, that under the joint production, "such FSX items as parts will be exported," but the DA believes that this will not go against the three principles because "those items that are exported will eventually be reshipped to Japan."

As for how the joint production will affect the three principles, the DA said the FSX's "only purpose is to defend Japan" and that "It will not run counter to the basic ideas of the three principles aimed at evading international strife." The DA then stressed that its view "meets the chief cabinet secretary's statement, which was made when the new "National Defense Program Outline" was announced in November.

However, some Social Democratic of Japan [SDPJ] members have expressed concern that the DA's view "Is an expanded interpretation of the three principles, and they may be gradually reinterpreted at the DA's convenience." In this sense, moves calling for consolidating the views within the government are likely to appear.

The DA plans to purchase 47 FSX's under the five-year mid-term defense program beginning in FY96. The DA also plans to have a total of 141 FSX's in 12 years from FY96 to FY07. In this regard, the Liberal Democratic Party has announced its stand of supporting the DA's plan while the SDPJ and New Party Sakigake [Harbinger] are calling for cuts in the number of the FSX's to be purchased.

DA Proposes Next Generation of SDF Planes

OW1212144995 Tokyo KYODO in English 1351 GMT 12 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 12 KYODO — A draft medium-term defense plan presented by the Defense Agency [DA] to governing coalition parties Tuesday [12 December] urges consideration of aircraft to succeed the present generation of Maritime Self-Defense Force (MSDF) antisubmarine spotter craft and Air Self-Defense Force (ASDF) transport aircraft.

The draft suggests several possible ways of acquiring the planes, saying they could be made in the United States or Japan, or jointly developed by the two countries.

The MSDF currently has P-3C Orion spotter craft, and the ASDF uses C-1 transports, both made under licence from the U.S.

There are 97 P-3Cs and 28 C-1s in use, many of which will exceed their operational lifespans in the next few years, necessitating their replacement with new models.

The five-year program, to start in fiscal 1996, will be the first medium-term defense plan to be compiled under the new national defense program outline adopted by the cabinet of socialist Prime Minister Tomiichi Murayama last month.

The outline calls for rationalized, smaller and more efficient defense capabilities.

The Defense Agency is asking for 25.72 trillion yen for the program, with growth in the five-year period averaging 2.8 percent, to upgrade defense capabilities.

Need To Reform Financial Institutions Cited

952A0808A Tokyo SHUKAN TOYO KEIZAI in Japanese 9 Sep 95 pp 68-71

[Article by Minoru Nakamura, journalist: "Holding Companies Are Leverage for Reorganization of Finiancial Institutions]

[FBIS Translated Text] "As far as the merger of world-class banks is concerned," comments a top bank executive, "the one between Mitsubishi Bank and the Bank of Tokyo isn't that big of a deal. That neither of them were hurt is to their credit. But I wouldn't call it an almighty' marriage. Its primary purpose is foreign exchange. All it means is that Mitsubishi will become more international. Rather, the main global trend is toward mergers that cross financial service lines."

Rival banks are probably somewhat jealous of this marriage. The new Tokyo Mitsubishi Bank will be able to continue issuing bank debentures, albeit for only six years, and Nippon Trust Bank, which became a subsidiary of Mitsubishi Bank under a special rescue plan, will also be able to tag along. Rivals are also facing a smaller pool of marriage prospects. Mergers for the sake of "bigness" no longer have any meaning now that a single city bank will have more than twice the total assets of a major U.S. bank like Citicorp.

An ambition more than a few top bank executives do harbor, however, if permitted by law, are mergers and acquisitions that would give them entry into other service categories—especially, the securities business. Because companies are turning from bank loans to direct financing methods, bank managers are focusing on the acquisition of securities firms and services.

According to the same bank executive, "Even a fifth- or sixth-place bank can made it on stock.' Only top securities firms, however, can make it on flow.' Even if they were to merge, securities firms and banks are just too different in their ways. We couldn't sleep in the same bed with Nomura. The only way for us to get along would be if we were in something like a holding company."

Way Opens for "Strong Banks"

Whether this bank sees Nomura Securities as a likely marriage prospect or not, it is clear that, in debating the pros and cons of lifting the ban on holding companies, banks are looking down the road toward the eventual deregulation of financial services and the industry's reorganization.

When this happens, what sort of organizational structure would be the best? If companies were to choose a "merger," differences in their cultures would prevent a true union. Considering how hard mergers are for even two culturally similar city banks, we can easily imagine how hard it would be in a mixed marriage. Critics have also pointed out problems with the business holding company, or the so-called different business category subsidiary format. Feelings of discrimination in the parent-subsidiary relationship can be a sore spot, draining organizations of their vitality, they say. Firewalls (between services) may also be inadequate.

In organizations formed along the lines of the pure holding company, on the other hand, subsidiary companies are all brothers on an equal footing. Parent-subsidiary distinctions are gone, and firewalls are easily established. Subsidiary companies also retain their own distinct character—their own respective cultures and salary systems, etc. In the sense that each partner has self-respect as well as respect for the other, the pure holding company form, theoretically, opens the way for mergers between or among equals in different lines of business—for example, the Industrial Bank of Japan, Nomura Securities Co. and Daiwa Bank—and for the creation of a universal bank that will be in the same league as the world's top contenders.

Use Financial World as Testing Lab

Under guidelines issued by the government in March, members of a roundtable represented by ten city banks began researching the pure holding company system as it is being used in the United States and Europe. According to a Sumitomo Bank executive, "In the United States, seventy percent of the banks, including the top six, are organized in the form of pure holding companies. This form is also recognized in Europe." In any case, he says, "we want to be free to choose our own form."

As one of its main themes, the Committee to Vitalize Financial Operations, a special committee which has been set up under the Financial System Research Council, has also begun discussing the pros and cons of lifting the prohibition on financial holding companies. In either case, both groups are still at the basic stage of their investigations.

The financial holding company was one of five formats for the cross entry of financial institutions into different service categories, which was suggested by the Financial System Study Group, a committee formed under the Financial System Council in September 1985.

The five methods are: 1) the "mutual entry formula," where the company or bank proper would gradually extend the scope of its activities in a new service category; 2) "different business category subsidiary" formula, where entry into a different service category would take place through a wholly-owned subsidiary, 3) "special-case" formula, where only financial institutions given special permission would be allowed to enter a new service line through a wholly-owned subsidiary, 4) "pure holding company" formula, and 5) "universal bank" formula, where the company proper would provide a full array of financial services.

Because of the absolute prohibition on pure holding companies in Article 9 of the Antimonopoly Law, however, this organizational formula was quickly dropped as an option, according to a knowledgeable source. The form finally settled on by the Financial System Research Council (Financial System Reform Law, effective April 1993) was the "different business category subsidiary" formula.

Following this formula, one financial institution after another has been setting up securities and trust bank subsidiaries. However, the activities of these subsidiaries is limited; as one city bank official puts it, "it's like clipping the wings of a chick." After Daiwa Bank was allowed to make Cosmo Securities into a subsidiary company and Mitsubishi Bank to follow suit with Nippon Trust Bank, complaints have been mounting. Says one city bank source, "When you make two exceptions to the rule, they are no longer exceptions. In the interests of equal opportunity, financial services should be deregulated more quickly."

"Of the five options, the pure holding company form was the best," says Chogin [Long-Term Credit Bank] Research Institute director, Hideo Fujiwara. He finds it strange, he says, that "mergers, which are the strongest form of corporate combination, are freely allowed (unless they restrict competition), while holding companies, though a looser form of organization, are totally prohibited."

"I'm not advocating a total hands-off policy," says Fujiwara. "Financial institutions are restricted under Article 11 of the Antimonopoly Law from holding more than 5 percent of another company's stock (the insurance industry is restricted to 10 percent). It's good to keep this 5 percent rule," he says, "in order to prevent industries from falling under the control of the financial institutions. Fujiwara would recommend "first testing the holding company system out in the financial world." Then, afterwards, he says, "it would be desirable to have it extended into other industries."

Debates of this sort about legalizing financial holding companies and deregulating financial services, particularly for large banks, have been spurred on by a financial reorganization and system reform movement overseas. Deutsche Bank's acquisition of Morgan Grenfell, a British securities firm, for example, was followed this June by Dresdner Bank's purchase of Britain's Kleinwort Benson.

Germany's Changeover, the United States' Revolution

German banks, which until now have offered an array of banking, securities and trust services, have been held up by Japanese banks as examples of the ideal, "ultimate universal bank." But because banks have been too powerful in Germany, the country has suffered from an underdeveloped securities market. Also conspicuous have been scandals and incidents involving insider trading. The current world trend—where industries are turning from the banks to the market (securities) for financing—may deal a fatal blow to these banks.

The world leaders in the securities business are British (Anglo-Saxon) or from the United States. In moving expeditiously to acquire British securities firms, the Germans are showing a change in their management posture, moving to establish themselves in the securities business as powerful EU contenders rather than as merely German firms. This is a common theme among financial institutions on the European continent, as can be seen, for example, in the Dutch ING Group's acquisition of Baring [Securities] and Swiss Bank Corp.'s acquisition of the S.G. Warburg [Group's banking and securities activities].

Organizationally, the most common form found among U.S. banks is the pure holding company. Among the British banks, the most common is the different business category subsidiary form, but this is said to be one of the main reasons that British securities firms are undercapitalized. The reorganization undertaken by Deutsche Bank, where its investment banking division was split off from the bank proper and merged with Morgan Grenfell's operations, harbors the "possibility of its changeover to a holding company," says Yukiyoshi Aizawa, principal investigator at Japan Securities and Economic Research Institute. The U.S. pure holding company, the embodiment of the idea that the banking and securities cultures are entirely different, is in the process of becoming the world's "standard" as an organizational model.

In the United States, the home of that "standard," however, a "revolutionary" financial reform bill is now in Congress. The bill proposes to eliminate the line of business restrictions governing banks and securities firms, which are based on the Glass-Steagall Act, and to recognize "financial service holding companies," which would serve as an umbrella for banks, securities firms and insurance companies. Passage of the bill would mean that not only banks but also securities firms and overseas-affiliated financial institutions could all form holding companies and carry on banking and insurance activities.

"There is strong opposition from the insurance industry, and passage of the entire bill, as it stands, is doubtful. There's a 50-50 chance that legislators will remove the insurance component and end up just revising the Glass-Steagall Act," says [Chogin Research Institute director] Fujiwara. If the measure fails, then [banks] will have to keep doing what they have been doing all along; namely, expanding their service activities through their subsidiaries.

If the bill passes and the Glass-Steagall Act is repealed, on the other hand, banks will inevitably be competing with each other to acquire securities firms. Last September, legislators decided to lift restrictions on interstate banking activities, refueling a merger boom among U.S. banks. With line of business restrictions eased, financial reorganization, centered on the holding company formula, will probably move forward.

The World Will Not Wait for Laggards

Due to the pressure of nonperforming loans, Japan's banks have been left out of this global net of reorganization, but there has still been a great deal of interest in the fate of pending measures in the United States to reform the financial system. As things stand now, pure holding companies are prohibited and therefore not an option for Japanese banks. Japan has also been the last, among the industrial countries, to begin liberalizing financial services. If U.S.'s revolution succeeds, Japan may well find itself further and further out of step with the rest of the world.

The pure holding company, as a form of organization, should be evaluated in terms of its potential for goals like bringing about greater international harmonization or flexibility in corporate management. Firewalls are also more easily established in horizontal structures than vertical ones. This is especially the case for financial institutions in managing newly formed securities and trust subsidiaries.

Recently, there has been a growing move among Japanese banks to split off divisions and create division companies. [The pure holding company form] will also be more effective, here, as well as in splitting off dealer and mergers and acquisitions [M&A] divisions as well as unprofitable business divisions. According to Katsundo Sasashima, Nikko Research Center's principal investigator, this form will also "make it easier to separate strategic areas from the influence of parent companies." To illustrate, he points to the success of the overseas derivative subsidiary companies of Japanese banks in getting top [credit] ratings.

If the prohibition on financial holding companies is lifted, such companies will be a powerful vehicle for financial reorganization. Further mergers between city banks and long-term credit banks and regional banks are still possible. A form like the holding company, which will allow them to retain their own salary systems and independence without forcing them to consolidate, would serve as an impetus toward such mergers.

Some restrictions, of course, are necessary. In the United States, corporate stockholding by banks is prohibited, and in Japan, too, one of the areas that will probably be looked into is the question of whether to strengthen the stockholding restrictions in Article 11 of the Antimonopoly Law.

The "improvement and vitalization of financial markets" should be the first principle informing any attempt to repeal the ban on holding companies or deregulating financial services, an issue that will be debated along side the question of holding companies. Reformers must be especially careful that in doing away with restrictions on "bank leadership" they will not also be preventing the growth and development of the securities market.

Those in the securities field, including the top-ranking Nomura Securities Co., have not taken a clear stand yet on the issue of legalizing financial service holding companies. But they are very wary of having the restrictions on "bank leadership" lifted. According to a securities firm source, "with a universal banking system, securities firms may be chased out by the banks and become extinct. If a holding company format is adopted, however, securities firms will continue to exist under the same umbrella." The securities industry has clung fast to its fixed brokerage fees and, failing to reforming itself, has been made sport of by the securities slump. It is in no position to complain or to make its own stand on the holding company issue.

The world will not wait for such countries. Global reorganization and technological advances in the financial world will plow ahead without any mercy for laggards. Japan's financial institutions must hurry to reform themselves, careful not to be mired down by their outdated ways, and search for a new system that will reconcile the need to rationalize management and create a highly developed, well-functioning financial market.

Heightened Anxiety Over Cosmo, Banking System

Handling of Cosmo Crisis Viewed

952A0807A Tokyo SHUKAN TOYO KEIZAI in Japanese 26 Aug pp 60-62

[FBIS Translated Text] Tokyo Metropolitan Government [TMG] designated 21 July as X-Day, the day it would announce the suspension of Cosmo Credit Union's operations, eight days before the MAINICHI SHIMBUN scooped the story. According to a graph charting Cosmo's liquidity that the TMG had obtained, Cosmo would reach a critical point in its liquidity position on 24 July and the TMG resolved to take the initiative before then.

On 16 July, the TMG had completed its investigation of Cosmo Credit Union and under normal conditions would have issued a set of instructions and an order for reforms one or one-and-a-half months thereafter, but issued the order for reforms to Cosmo immediately after it finished the investigation.

But the TMG still did not think that Cosmo President Sanpachi Taido would acknowledge his wrongdoing so it worked out a strategy, because, as one TMG official put it, "we didn't know how to make [Cosmo] surrender. Cosmo had problems: excessively high deposits, 'parking' nonperforming assets via the self-winning bid [system], and accruing unearned interest. We were going to accuse him of each, one by one."

Contrary to expectations, Cosmo made it past the 24th without any serious mishap. Following the 24th was the challenge of 31 July when Cosmo's liquidity position was to face an even greater hurdle. The death match between the TMG and Cosmo had begun.

Wednesday, 26 July. The head of the Tokyo Bureau of Labor and Economic Affairs, Kesashige Takamura, had finally made a decision. He called Taido in and told him, "on 28 July, I will issue the order to suspend Cosmo operations," but Taido didn't miss a beat. According to one TMG official, "he talked glibly on about land prices being at rock bottom. In five or six years time, he said, prices would inevitably go up. Cosmo's liquidity position was the same way. He convinced us that Cosmo might be able to make it through the 31st."

Saturday, 29 July. MAINICHI SHIMBUN carried the article, "Cosmo Credit [Finding it] Difficult to Rehabilitate Itself" on its front page. And with this, the situation made yet another about-face. The TMG, the Ministry of Finance [MOF], and Bank of Japan [BOJ] had a meeting and confirmed a plan to prepare for a run that Monday which entailed having the National Federation of Credit Unions lend Cosmo 40 billion yen in uncollateralized loans to add to the 8.7 billion yen Cosmo had in ready cash.

Sunday, 30 July. Tokyo Labor and Economic Affairs Head Takamura called Taido in again and pressed him for his resignation, but Taido wouldn't give in. Meanwhile, a call came from the Cosmo offices, "40 billion yen isn't going to be enough on Monday. We need 70 billion." The TMG thought for a minute about issuing the order to suspend business on 31 July. "But that would just confirm the news reports so they decided to try opening the credit union and see what would happen."

Monday, 31 July. Depositors poured into all of the Cosmo branches, withdrawing 12-14 billion yen in just an hour. According to Takamura, "at the moment when its 8.7 billion yen ran out, I considered Cosmo finished. At that point I asked for the president's resignation." But Taido was still equivocating. Takamura pressed him hard saying, "then I have no choice but to issue an order to have you dismissed as soon I can." That night, Yukio Aoshima, governor of Tokyo, issued the order to suspend Cosmo operations.

Mr. Taido resigned on 1 August at 3:30 p.m.

The War Between MOF, Tokyo Metropolitan Government

Mr. Taido wasn't the only TMG opponent. The MOF and BOJ had disapproved of the fact that Governor Aoshima refused to lend 30 billion yen to the two previous credit unions [Tokyo Kyowa and Anzen]. When the TMG went to consult with the MOF about [Cosmo], the MOF's attitude was, "the City, as the supervising authority, should be thinking about that, shouldn't it?"

The TMG and MOF conducted a joint investigation of the two previous credit unions, but the MOF refused to participate in the Cosmo investigation. If that was how the MOF was going to be, the TMG would have to resort to its last trick, which was to consider letting Cosmo Credit Union go bankrupt. According to one TMG official, "issuing an order to break up Cosmo and let it go bankrupt was the only way for the TMG to deal with the credit union all by itself. Of course, deposits would have to be paid off."

Cosmo held 240 billion yen in irrecoverable assets, which, as a rule, the Tokyo Government could not cover all by itself. Even if Sanwa and other banks were forced to forgive loans to Cosmo, that would still be only 88 billion yen with 100 billion yen from the Deposit Insurance Corporation. The rest would have to be paid off, that is, there would be no choice but to cancel the rest of the deposits. Since it would be the first time deposits had been canceled, the run could turn into a panic and possibly paralyze the banking system. Underneath, the MOF was in a state of terror.

With the threat of deposit cancellations on the one hand, and a financing strategy whereby "the TMG would provide funds to Cosmo where it did not to the two previous credit unions," on the other hand, the TMG had won its battle. It succeeded in getting the MOF and BOJ cooperating on the front line in dealing with Cosmo. The TMG's share of the burden was reported to be 20 billion yen, less than it was with the two earlier credit unions.

They were able to avoid any further confusion for the time being, but this did not mean that the credit union community as a whole was stable by any means. Let's look at the table on page 62. [Table Omitted: The table on page 62 lists the 21 highest and 21 lowest deposit-loan percentage figures. Koshi Credit Union tops the list with a loan-deposit ratio of 123 percent.]

Of the 373 credit unions, there are 35 that are either not paying dividends or are operating in the red. In addition, according to an officer at one major credit union, "the appropriate loan-deposit percentage—which is loans divided by deposits where the larger the figure the more tied up the bank's funds are—is 85 percent." The 20 credit unions with the highest loan-deposit percentages are all over 90 percent. The reason that Koshi Credit Union, which is affiliated with the Central Bank of Agriculture and Forestry [Norinchukin], has such a high percentage is that it has taken the housing loan of a Norinchukin employee into trust.

Conversely, while credit unions with low percentages have stable liquidity, they are still susceptible to fluctuations in securities prices.

The credit union community has not disclosed its loans to bankrupt borrowers, which, according to the president of another major credit union, is because "some of them don't even set aside loan loss reserves on loans to bankrupt borrowers." The TMG and Tokyo Association of Credit Unions [Toshinkyo] are holding talks and gradually making preparations for large-scale mergers of credit unions. According to one Tokyo Government official, "an air of solidarity has emerged: we don't want one-on-one mergers, but would rather that seven or eight credit unions merge at once." The Tokyo Association of Credit Unions' investigative committee came to a bold conclusion in February, 1995, "for a credit union in the Tokyo metropolitan area to survive, it must have at least 100 billion yen in deposits."

The "Financial Strength Rating" Bomb

In May, 1995, Moody's Investor Service, an influential U.S. credit-rating agency, announced that it was "considering a possible downgrade of Hokkaido Takushoku Bank, Nippon Credit Bank, and Chuo Trust & Banking." Normally it takes three months from the time Moody's begins considering a downgrade to the time it issues a decision, but as of mid-August, it was "still considering the matter." According to Cosmo Vice President Masaharu Okabe, "they are right in the middle of a discussion about whether Moody's will take the Cosmo incident into consideration when [it determines] the ratings of these three banks or whether it will consider Cosmo a separate issue. As of 1 August, you could no longer withdraw time deposits before maturity. In the worst light, this can be construed as a default."

If the three banks are downgraded two levels, their bonds will be considered "junk" grade.

Overseas, they are beginning to have some doubts about the "crisis management capability" of Japan's financial authorities. The MOF and BOJ asked banks that had made loans to SS Pharmaceutical Co., a member of the Cosmo Group, to forgive all loans to Cosmo Credit Union. This may have been a last resort to alleviate the financial burden imposed on the TMG and others, but from an outsider's perspective it was an act of "tyranny" forcing banks to make unreasonable sacrifices.

No, as long as the financial authorities were able to support the banking system, any "tyranny" whatsoever was still okay. What is the real power of Japanese banks once they have been stripped bare of government protection?

At the same time that it was reviewing the ratings of the three banks, Moody's was proceeding with its "financial strength rating" of the major Japanese banks. The financial strength rating differs from the usual bond rating in that it evaluates purely the profitability and core financial strength of a bank after discounting external factors such as government protection. The ratings range from A to E, where D and E signify "weak" and "very weak" banks, respectively.

"In the United States the bad banks have been weeded out. It doesn't have any D-and-E rated banks anymore and the banking industry as a whole has become healthier," according to Mr. Okabe. In contrast, an official in the planning department at one city bank predicts that when the Japanese bank ratings are announced in mid-August, "banks with D and E ratings will be coming out in droves."

Fortunately, Cosmo Credit Union was not raising funds on international financial markets. There won't be any Euro-market interbank transactions willing to lend money to D-and-E rated banks. In the worst case, there could be a run on Japanese banks in the international financial markets.

Mr. Okabe says, "I personally have always said that policy-consensus building in Japan is difficult, as is devising a scheme to stabilize our banking system, which is treading on thin ice."

Cosmo's Practices Not Unique

952A0807B Tokyo SHUKAN TOYO KEIZAI in Japanese 26 Aug 95 pp 63-65

[FBIS Translated Text] The real state of Cosmo Credit Union's "lax business practices" is gradually becoming apparent. Despite the fact that non-member deposits are supposed to be kept to 20 percent or less of all credit union deposits, Cosmo's non-member deposits constituted 91 percent of its total, which is higher than the former Tokyo Kyowa and Anzen credit unions. Cosmo was holding approximately 350 billion yen (72 percent of its total loans receivable) in assets for which interest had not been paid for three months or longer, between three-and-four times the level of the two previous credit unions.

But, Cosmo's biggest fault as a financial institution is the fact that it used dummy companies to "park its bad loans." [The term Tobashi, literally "flying" and translated here as "parking" originated with a practice conducted by securities firms seeking to avoid realizing losses on clients' securities by "parking" them in different accounts in the hopes that they would return to their original purchase price. Here, the term is applied to loans for real estate purchases that have gone bad.] Let's take a real-life example.

During the bubble era in the second half of the 1980s, real estate developers and financial institutions were embroiled in a bitter price war that drove up property prices in the vicinity of Cosmo Credit Union's headquarters located in Kakikaramachi, Nihonbashi, Chuo-ku. One of the leading players in this battle was a local real estate developer Kita Shoji, which had won a name for itself through stock speculation. Cosmo Credit Union furthered its own relationship with Kita Shoji and its main bank, Sumitomo Bank.

Cosmo's Dummy Companies Working Behind the Scenes

In July, 1987 Cosmo Credit Union fixed a 500 million yen first mortgage on the Kakikaramachi property and made a loan to Kita Shoji which had purchased that property the previous month. However, in January, 1994 as a result of the bubble bursting, a company called

Atsukawa Shoji bought the land and Cosmo fixed a 453 million yen first mortgage on the property with Atsukawa Shoji as the mortgagee. As a result, Kita Shoji was released of its loan obligation to Cosmo and the creditor-debtor relationship between Cosmo and Kita Shoji was transferred to Atsukawa Shoji.

Although the main headquarters of this Atsukawa Shoji was in Hiroo, Shibuya-ku, Atsukawa didn't have a single employee there. The owner of the building was reportedly a friend of the Taido family and, in fact, Atsukawa was just a paper company, or Cosmo Credit Union's dummy company.

In another example, in March, 1990 ownership of 129 square meters of land next to Cosmo's headquarters changed hands from Cosmo to Kita Shoji and in February, 1991 Cosmo fixed a 500 million yen first mortgage on it with Kita Shoji as the mortgagee. In May, 1993 the land was again sold, this time to "Ikeda Kikaku," and Cosmo fixed the maximum mortgage on it for the inflated price of 3 billion yen, or sixfold the 1991 level. Despite the sharp fall in land prices, this land, at 23.25 million yen per square meter, was way overvalued.

The registered address of this Ikeda Kikaku was also the Kakikaramachi address, but the company was not really located there either. In addition to the former Cosmo Travel, there were 19 companies in the Cosmo Group with registered addresses there. Clearly, Ikeda Kikaku was one of Cosmo's dummy companies.

The problematic Kita Shoji continued to operate in the red as of FY91 and according to one bank with which it traded, owed approximately 160 billion yen in loans on which some principal repayments and interest payments had stopped. Cosmo, which had supplied Kita Shoji with the money that drove the price of the land up, was able to recover the loans it had made to Kita Shoji by having the dummy companies buy its collateralized real estate. Transferring bad loans means "parking" them. But one industry insider points out, "if all you want to do is park the bad loans, why do you buy the land at such a high price and why go to the point of helping Kita Shoji's liquidity position? Nobody on the outside could tell what the real relationship between Cosmo and Kita Shoji was."

By parking the bad loans in a dummy company, you essentially end up holding huge latent losses yourself. This can only be viewed as a breach-of-trust against your investors.

Eschewing the Minimum Sale Price

Cosmo misused the court's auction system with "parking" as well. Because it allows you to eliminate a mortgage entirely, an auction is used to sort out the real estate that acts as collateral on bad loans which has been complicated by the claims of interested parties. The city banks and others have established wholly-owned "self-winning bid companies" which are meant to realize valuation losses so the banks can write off their bad loans. As a rule, these self-winning bids are accepted at the "minimum sale price," which is the value of the collateral as determined by a court-appointed real estate appraiser taking into account the officially publicized land price and the return on investment evaluation method.

But Cosmo's dummy companies won bids at prices two-to-four times higher than the minimum sale price. Rather than writing off the loans, Cosmo would simply transfer the bad asset at the "original price" [Genka] or perhaps even higher. On the surface, Cosmo's own bad loans had been disposed of, but because it was making loans to the dummy companies to win the bids, its assets were literally "being parked."

The Credit Union Section of the Tokyo Metropolitan Government has confirmed that "there were 32 dummy companies and 62 billion yen that had been parked." According to the president of a large credit union, "Cosmo was reprimanded sharply by the Tokyo Government for parking." And, as you would expect, outright parking abated, but the names of dummy companies continued to appear from time to time in the court's auction documentation.

One example is a tiny piece of land measuring only 1.23 square meters in Minami Chizuka, Ooda-ku which served as joint collateral for a loan Cosmo had made. Cosmo bid on the land at auction. In June, 1995 a company called "Ikesho" won the bid on this piece of land for 1.54 million yen, approximately six-fold the minimum sale price of 250 thousand yen. Ikesho's registered address is the same as Ikeda Kikaku's.

Again in June, 1995 "Takio Kaihatsu," a dummy company with the same address as Atsukawa Shoji, won a bid on a one-room condominium in Araihonmachi, Adachi-ku.

Hokkaido Takushoku Bank, LTCB Ignored Minimum Sale Price Too

Cosmo wasn't the only financial institution to win bids at prices well above the minimum sale price.

Juso Inc., one of the housing loan companies [Jusen], won a bid in May, 1995 on a building and land in Shinbashi, Minato-ku for 1 billion yen, more than twice the 490.8 million yen minimum sale price.

Juso had fixed a mortgage of 2 billion yen using this real estate as joint collateral with Nakatani, the real estate company that had owned the building, as the mortgagee. If Juso could get Nakatani to resume interest payments with the funds acquired when Juso bought the property via its self-winning bid, Nakatani would be able to dispose of other of its bad assets as well. But of course, Juso, which won the bid at a very high price, became susceptible to the growing risk that the price would fall.

"The housing loan companies are in a much worse state [than we think]. They are posting interest earnings to their books that should not be posted and making their accounts balance using self-winning bids," according to one insider at a housing loan company.

All Corp., a corporation listed over-the-counter that was already insolvent at the time, won a bid for 600 million yen on residential property in Kagurazaka, Shinjuku-ku at the end of May, 1995. The price was more than fourfold the 131.6 million yen minimum sale price. Daiichi Corp., Takugin Finance, and some credit associations have been winning bids at prices two-to-four times higher than the minimum sale price.

JE Corporation [JE] frequently appears quite conspicuously in the Tokyo District Court auctions. The company won a bid on a one-room condominium measuring 21.85 square meters in Shinjuku in July for 48.80 million yen, or 3.6 times the minimum sale price.

JE took this asset over from a company called Jarikku, a non-bank affiliated with the Long-Term Credit Bank of Japan [LTCB] which had made a cooperative deposit of 2 billion yen at Tokyo Kyowa Credit Union. JE is also an LTCB-affiliated real estate company.

During the same month, JE won another bid on a one-room condominium in West Shinjuku for 164.1 million yen, a "price" eightfold the minimum sale price.

Financial institutions unanimously bemoan the fact that "land just doesn't move," but the shortest route to greater liquidity in the real estate market is to leave everything to market principles. Financial institutions are just painting themselves into a corner by distorting market principles with their over-priced bids.

Other Cosmo Practices Critiqued

952A0807C Tokyo SHUKAN TOYO KEIZAI in Japanese pp 66-69

[FBIS Translated Text] Tokyo Governor Yukio Aoshima says, "Cosmo Credit Union is different from Tokyo Kyowa and Anzen credit unions. It has been slow and steady in running its business." But if Cosmo has been so slow and steady, why did it end up in as pitiful a state as this?

No, the Tokyo Metropolitan Government [TMG] knows full well that Cosmo's business management has been a far cry from "slow and steady."

Shukan Toyo Keizai obtained the instructions that were issued by the TMG in the summer of 1993 to Cosmo Credit Union after it investigated Cosmo. The instructions said: "49.70 percent of all loans, including 30 billion yen in loans requiring special attention, or approximately 244.5 billion yen, are non-performing" and "bad loans have increased substantially over these past few years. This can be considered the result of a problem in Cosmo's credit analysis for making new loans."

Nevertheless, "according to our analysis of Cosmo's medium- to long-term business plan, it appears that your plan is basically one of quantitative expansion as before."

What the TMG was acutely aware of in its 1993 investigation was the "show money" incident that occurred at the Monzennakacho Branch. The incident consisted of fraudulently withdrawing 2.9 billion yen in "show money," which were stacks of bank notes cut from newspaper. The incident, unthinkable at another financial institution, occurred because the internal management framework at Cosmo was shaky.

"Parking" and Rolling Branches Over

According to one insider, "Cosmo has really been 2-4 billion yen in the red every year, with accumulated losses coming to 20-40 billion yen." Nevertheless, superficially at least, Cosmo has been posting profits by playing a terrible accounting trick using its behind-the-scenes dummy companies.

Cosmo primarily used its own real estate. First was the former Misuji Branch, which had been a branch of the former Toyo Credit Union before Cosmo took it over. On 28 November, 1989, this branch was sold to a Cosmo affiliate, Cosmo Vision, and Mitsubishi Trust and Banking fixed a first mortgage on it for the maximum 1 billion yen. Thereafter, when Cosmo Vision was no longer viable, the land was sold on 16 March, 1992 to Sky Park, at which time Cosmo Credit Union fixed a maximum 1.5 billion yen first mortgage on it.

Sky Park's registered address was the residence of Cosmo Vision's former Director of General Affairs, Takeshi Ishishima. The company had only one officer, Kazuo Ishishima.

When Cosmo Credit Union sold the Misuji Branch to Cosmo Vision, it posted extraordinary and current profits. Though Cosmo did receive the proceeds from this sale, that was because this made the rounds after originally being supplied by Cosmo.

Next was the former Asakusa Branch, which was another former branch of Toyo Credit Union, but which was bought in a similar way by Cosmo Vision in 1991. Cosmo Credit Union's affiliated non-bank, Apollo Finance, fixed a maximum 2.3 billion yen first mortgage on the property, but it is questionable whether it was Apollo that actually made the loan.

Given that the date of the sale was 28 March, it is highly likely that this was just an accounting trick meant for profit-taking.

This former Asakusa Branch was sold again to a company called Center on 11 March, 1992 and it was Cosmo Credit Union that fixed a maximum 2.6 billion yen first mortgage on it this time.

Center's only officer was Kazutoshi Uke, the director of general affairs at a Cosmo-affiliated personnel engineering research institute [Jinji Kogaku Kenkyujo]. On 1 May, 1995 he was replaced by Takeshi Ishishima.

Just as with Toyo Credit Union, the Daisho Credit Union was acquired by Cosmo and its headquarters were "rolled over."

This branch became Cosmo Credit Union's former Koto Branch and its computerized systems center. The building itself was sold on 28 September, 1990 to Cosmo Vision with Apollo Finance fixing a maximum first mortgage of 2.75 billion yen on it. It appears that Apollo made an additional loan to Cosmo Vision because on 30 June, 1992 that amount was increased to 3.6 billion yen.

One insider says that this method of transferring ownership of branches to dummy companies was "Mr. Miyamoto's idea (Hisatsugu Miyamoto)." In accordance with this "idea" Apollo made a loan to the recipient company, Cosmo Vision, and if Cosmo Vision were to go into arrears on its interest payments, Apollo's business would also become shaky. To avoid that, it was forced to make additional loans. Cosmo brought the downfall of its whole group with this poisonous addiction.

Federation of Credit Unions Had No Faith in Cosmo

Cosmo did not roll over the branches of the credit unions it had targeted for takeovers only: it sold off its Machida Branch, a proper branch, on 26 March, 1992 to Nakasho and fixed a maximum 3.2 billion yen first mortgage on it. Judging from the date of the sale, this too was a term-end accounting trick for the purpose of profit taking. By the way, Noboru Koike, Nakasho's officer, was Kyoei and Cosmo Credit Union's general affairs department head.

The TMG was aware of the fact that Cosmo Credit Union used dummy companies to win bids on collateralized real estate and that its bad loans were being parked. Typically, "parking" bad loans took the form of rolling over branches through the dummy companies.

Originally the dummy companies targeted only the real estate business, but midway through they added securities dealing as well. You wonder whether the dummy companies weren't also used to park securities with latent losses.

The reason Cosmo was able to continue to exist despite such slipshod management was its capacity to maintain liquidity by raking in "Mammoth" time deposits offering unreasonably high interest rates.

The TMG sounded the alarm on these abnormally high deposit rates and issued a second set of instructions in FY93 [which said], "according to the credit union's FY92 financial statements, the ratio of unregulated time deposits to all deposits is 89.30 percent, which is extremely high relative to the 52.84 percent average of credit unions in the Tokyo Metropolitan area. In particular, the burden of the high interest rates on these deposits, which is approximately 1 percent higher than market interest rates, can conceivably become problematic for business as a whole because of the credit risk it imposes on the loans Cosmo makes."

But in the age of liberalized interest rates, it is not easy to order [a financial institution] to stop offering high deposit interest rates.

From early on, one insider pointed out, "Cosmo has continued to survive until now despite the fact that people say it is going to fold, because of its Mammoth deposits. But the money from the Mammoth deposits disappears into employees wages and expenses and isn't enough on which to live. In the end, they are going to cause someone some trouble."

However, the deposits lured in by the interest rate were quick to flee, especially in the "last days." Feeling the repercussions of the two credit unions [folding], Cosmo began losing deposits at the beginning of the year. The National Federation of Credit Unions [Kumiren] ensured Cosmo's liquidity by collateralizing the stocks of SS Pharmaceutical, among others, and when that was no longer enough, it collateralized Cosmo's operating branches in July.

The Federation says that in general "it is extremely rare" for it to secure real estate as collateral on loans it makes to member credit unions "because the registration fee is very high and you can't easily secure and then cancel the collateral."

Cosmo Credit Union lost the faith even of its top industry association.

Offering Up Taido's Personal Assets?

It's not impossible. Cosmo Credit Union was a business [that would have folded] "with or without laws and administrative guidance." According to the TMG's set of instructions, "Cosmo's 272.5 billion yen in [non-member] loans exceeded the 800 million yen legal limit and constituted 55.39 percent of all loans receivable, which is far in excess of the standard 20 percent for investment funds."

Cosmo's violation of the non-member deposit ceiling was also egregrious. "At 82.89 percent, Cosmo's percentage of non-member deposits to all deposits was well above the 20 percent stipulated by the Law for Cooperatives of Small Businesses, etc. This is far from the concept of a cooperative financial institution."

The Tokyo Government's instructions pointed out so many problems it was sickening, such as "loans for which the purpose was uncertain," "additional financing equal to the interest a borrower in arrears owes," "ledger entry inaccuracies such as seals of approval for cash deposits and confirmations of deposits," "use of blank proxy statements to feign attendance at general shareholders' meetings," etc. It was so bad it made you wonder whether there was a single honest banker at Cosmo.

Cosmo Credit Union adopted a "high salary" policy to attract the type of talent that might lift Cosmo to the status of a regular commercial bank, but its attrition rate was high. Insiders claimed, "there aren't any bankers here" and "we must have better oversight over our borrowers."

This is only the beginning of that which the managers must take responsibility. Sanpachi Taido, Cosmo's former president, offered his own personal assets, but these were mainly stock certificates and golf memberships; though the family does have real estate. Ownership of their first house in Funabashi, Chiba Prefecture is under the name of Taishinin and Sanpachi Taido's brother-in-law, Naokata Taido, president of SS Pharmaceuticals, who until May, 1995, was an absentee director of Cosmo Credit Union.

Cosmo Credit Union's headquarters is owned by Cosmo Management, whose only shareholders are Sanpachi Taido and his mother, Tomi, who was also an absentee director of Cosmo Credit Union. The credit union has paid high rent for the headquarters to Cosmo Management all along. How in the world will Taido Sanpachi try to "sort out" these assets?

This could be the last test of the Taido family's "good sense."

Kizu Situation Detailed

952A0807D Tokyo SHUKAN TOYO KEIZAI in Japanese 26 Aug pp 70-72

On Monday 31 July, the Osaka credit union community was consumed with anxiety. On the previous Saturday, an article about the collapse of Cosmo Credit Union had appeared in the press and one credit union insider had canceled all appointments scheduled for Monday.

The Osaka Government [Osaka-fu], similarly anxious, dispatched its employees to several credit unions with the largest deposits to prepare for the worst. But ten depositors at most showed up at the credit unions before they opened and there was no confusion. Nor did customers come flooding in the next day, Tuesday, when Cosmo Credit was ordered to suspend its operations, and the Osaka Government employees were pulled out in the morning.

"Crisis" Existed Back in March

This is actually the second time this sort of unrest had spread since the beginning of the year. The first time was between February and March. Just after a list of Tokyo Kyowa and Anzen credit unions' depositors was, for all intents and purposes, made public, an outpouring of large-lot deposits began. At the largest of these, Kizu Credit Union, 80 billion yen was withdrawn within two months, putting pressure on Kizu to take measures toward greater liquidity. Those who withdrew their money were mainly incorporated entities, such as schools, and individual depositors outside of Osaka who didn't want their names to be made public.

Deposits at the end of the March accounting term had fallen by 60 billion yen from the previous month. But the outflow of deposits had stopped by the beginning of April and deposits actually exceeded—by a slight amount—the previous month's balance. But just to be sure, the Osaka Government took the necessary steps for a worst case scenario. Before a three-day weekend in May, it sent a letter to Sanwa Bank, the contents of which seem to have been "a request for cooperation in providing 100 billion yen in liquidity to Kizu." The Government has "no comment" about this. But according to one insider, Sanwa returned the letter without even opening it.

The story of why Sanwa entered the picture at all goes back to an old wound which incurred in 1989 when large-lot deposits went flooding into Kizu Credit Union via introductions from Sanwa. At their peak, six deposits came in exceeding 300 billion yen. Sanwa told customers looking to invest the money that they had borrowed about Kizu's high interest-bearing deposits.

When the Osaka authorities complained about these large-lot deposits, Sanwa broke them up into approximately 20 different deposits and set about canceling them. Kizu [said], "Sanwa had said they were going to be withdrawn, so go ahead" and was forced to fill the hole caused by the withdrawal of these deposits by offering high interest bearing deposits.

This is where the interpretations of the Osaka Government and Sanwa differ. Sanwa says, "we may be involved in Kizu's fund procurement, but the biggest problem facing financial institutions now is the soundness of their investments, or loans, with which we have nothing to do." The Osaka Government says, "you have to take responsibility for introducing the large-lot deposits themselves to Kizu. And you can't say that you've had nothing to do with Kizu's loans to its subsidiaries."

The "request for cooperation in providing liquidity" came in the context of this difference of opinions. The fact that Sanwa did not open the letter meant that it did not even want to discuss the issue of its responsibility. The Osaka Government did not back down from its position, but Kizu's deposits took a turn for the better in April so the dispute died down.

Slinging Mud With a Borrower

This June, the Kizu situation developed strangely. Deposits stopped flowing out and began to steadily increase. The liquidity problem had worsened and a group called the Civic Group [Shimin No Kai] emerged and was launched on 1 June to think about the Kizu situation. The group's representative was an attorney named Sawato Kimura and a person named Kensaku Matsumoto, the senior managing director of a large customer of Kizu's named Mido Kaihatsu, was its Secretary General. In its Statement of Purpose, the group focused its attack on three things. First, loans to companies within the Kizu Credit Union Group. Second, Kizu's golf course development transactions. Third, loans exceeding the lending limit that were a problem according to the Osaka regulatory authorities.

A flyer dated the beginning of July contained such radical statements as, "Kizu Credit Union's bad loans are approximately 700 billion yen." The flyer did not contain Mr. Matsumoto's name, only the attorney Kimura's.

Previously, Mido Kaihatsu and Kizu had discussed developing the Shirahama Golf Course in Wakayama and agreed that leadership of the development project would be transferred from Mido to a company in the Kizu Group. Thereafter, the two companies had a falling out over whether Kizu would offer additional financing to Mido or not. The Citizens' Gathering appeared just as the problem was becoming further complicated. In July, attacks from both sides began, contributing to an atmosphere of mudslinging. On the 12th, Kizu—actually a company within the Kizu group called Jitsugyo Finance—made an application for adjudication of bankruptcy against Mido. Similarly, the company that had become part of the Kizu Group managing the Shirahama Golf Course brought a fraud suit against the upper management of Mido Kaihatsu, while applying for a temporary injunction to stop Kimura's group from passing out the flyers.

On the 15th, Mido's president expressed in a public statement his firm resolve to fight it out. On the 17th, the Mido Kaihatsu Group, represented by the Civic Group's Mr. Kimura, made an accusation of breach of trust against the president, Minoru Kagiya, and upper management of Kizu Credit Union.

After an industry elder got involved, the fight took a turn, and a reconciliation followed. That was on 28 July. When they reconciled, the two companies returned to the point they were at on 7 June. The 28th was the day the rumors spread about "an order for Cosmo to stop business." Before that, the person in charge of financial affairs within the Osaka Government was dispatched to Tokyo to collect information. Though it was not a matter of administrative guidance from the Osaka Government, the idea was not to let any sparks fly before X-Day.

Anyone paying attention would have wondered, "what was that dispute about?" Nothing had really changed, Kizu's write-offs didn't improve and Mido continued to exist. Some financial experts are of the opinion that, "the news about reconciliation had more of an impact on deposits than the news of a split." In any case, they chose to avoid letting the issue become a news item.

How Far Does the Osaka Government's Responsibility Go?

A further development in June was not directly related to Kizu. It was the conflict between the Osaka Government and the Ministry of Finance [MOF]. On 8 June, the MOF released a statement "About the Recovery of the Banking System," in which it said, "the metropolitan, Hokkaido, fu, and prefectural level governments [Todofuken] which are entrusted with regulatory authority over financial institutions also have regulatory authority over the dispensation of their failures." Just reading it you don't see any problem, but public officials feel differently. [They ask] "what about spending government funds?"

When Osaka Fumin Credit Union collapsed, Osaka provided funds to assist in its merger, but at the time received the opinion from the MOF in 1993 that "the responsibility of self-governing bodies [Jichitai] lies in appropriate regulation through oversight and guidance based on the relevant ordinances, but does not extend to rescuing failed credit unions by paying out government funds."

However, when the Todofuken come to the fore in the 8 June statement, even some assemblymen have said, "this is different from what I've heard before." Since the problem of the two Tokyo credit unions, it has become difficult for self-governing bodies to spend government funds [on failed financial institutions]. They fear that when they cannot get people to agree that government funds are being paid out for the benefit of the local residents, it won't pass the local assembly. Osaka [believes] it necessary to keep things at the 1993 level at the September assembly. Some say they should return the institutional offices back [to the MOF] since the responsibilities are so heavy.

This may seem overly particular, but the plans for restructuring and dismantling of credit unions once they've failed will vary immensely depending upon how the local governing bodies spend their public funds. That is, if the issue isn't resolved, there will be no choice but to deal case by case with the "worst" scenario.

Deposits May Be Safe, But...

Shigenobu Suzuki, the Supervisor of Credit Union Management within the Osaka Government, has said, "it is possible for Kizu to rebuild by its own efforts. We want to hammer out an assistance plan to that end, but because of the large scale, it will take time to pull the plan together." It should take time. The important issues, such as liquidity, bad loan write-offs, and the length of the scheme complicated by the issue of the Osaka Government's responsibilities, are still pending.

And what is the status of Kizu's business today? Actually that's one of the uncertainties at this point. Only the Osaka Government and Kizu's top management know. In contrast to deposits of 220.1 billion yen and loans receivable of 204.3 billion yen in March, 1988, as of the term to March, 1995 Kizu's deposits were 1.167 trillion yen and its loans 1.075 trillion yen. Deposits expanded fivefold over the course of seven years. You can also easily imagine how loans have gone bad during the bubble years.

Anyone would be awed by this capacity to attract deposits. It is a systematic machine working by order of President Kagiya. Some 68.80 percent of Kizu's deposits are less than 100 million yen, with small-lot deposits being the overwhelming majority. The large-lot deposits were withdrawn as of the March operation and replaced by small-lot deposits, 41.7 percent of which are 5 million or less. Kizu attracted the people's deposits. Currently, though Kizu does hold deposits of the National Federation of Credit Unions, it hasn't borrowed any money from it. Deposit interest rates are high (Kizu's FY95 yield on funds procured was 3.99 percent), but recently rates have declined gradually and are not far beyond other rates.

The problem, of course, is the makeup of Kizu's loans payable. Loans to Jitsugyo Finance and Kizu Credit Mortgage, which are in the Kizu Group, are said to come to 340 billion yen, while loans to other groups are said to come to 100 billion yen. The aforementioned Mido Kaihatsu has borrowed over 20 billion yen from the Kizu Group, with much of the borrowing in large-lot loans. Though [Kizu says] it "doesn't make uncollateralized loans," overwhelmingly its loans to real estate developers are uncollateralized. Moreover, on the investment side, Kizu acquired much real estate through foreclosure in the 1991-1992 period.

Many small financial institutions, not just Kizu, were dealt a heavy blow in Osaka where the rise and fall of land prices was even sharper than in Tokyo. It was in this context that Cosmo collapsed, but because protection of depositors was worked out first thing in the process of dealing with Cosmo, the "run" on Cosmo ended without spreading anywhere else. However, if the public and private sectors do not work out any real countermeasures to restructuring and non-performing assets quickly, we will never be able to be off our guard with respect to the movement of funds.

North Korea

U.S. Plans for Missiles, New Ship Reported

SK1312010395 Pyongyang Korean Central Broadcasting Network in Korean 2200 GMT 11 Dec 95

[FBIS Translated Text] According to a report in the 9 December issue of Japan's SANKEI SHIMBUN, the United States is scheming to deploy approximately 500 various missiles, including the Tomahawk cruise missile, and a new-type missile ship loaded with long-range rocket guns, to the U.S. fleet in the next five years.

The new type of missile ship, which is armed with highly sophisticated instruments and equipment, is known to be a semi- submersible ship [panjamsusik]. Its main mission is to carry out operations in coastal areas.

This shows that the U.S. arms buildup maneuvering, perpetrated behind the curtain of peace and disarmament, are becoming more grave with each passing day.

U.S. Urged To Respond to Peace Overtures

SK1312104295 Pyongyang KCNA in English 0956 GMT 13 Dec 95

[Spelling of names as received]

[FBIS Transcribed Text] Pyongyang, December 13 (KCNA) — Foreign figures and organizations unanimously demanded that the United States respond to the DPRK's proposal for replacing the Korean Armistice Agreement with a peace agreement.

Fredrick Mugangavari, member of parliament of Zimbabwe, published a press statement on December 1 and branded the "resolution" adopted by the U.S. Senate urging inter-Korean dialogue as political intervention during which the United States has the face to order others to do this or that, not going about its business.

He noted that if the U.S. want to fulfill its responsibility for the solution of the Korean question it should stop its interference in the internal affairs of Korea, withdraw its troops from South Korea in accordance with the resolution of the 30th session of the U.N. General Assemoly, accept the DPRK's proposal for establishing a new peace mechanism and sincerely implement the DPRK-U.S. agreed framework.

Garib Newaz, president of the Bangladesh People's League, said in a statement on December 4 that South Korea is not entitled to meddle in the conclusion of a peace agreement and that this problem must be solved between the DPRK and the U.S. as the U.S. is a partner in the conclusion of the Korean Armistice Agreement.

H.K. Kapil, chairman of the Chuche Philosophy Study Society of the Agra University of India, addressing a meeting for solidarity with the Korean people on November 25, said that the U.S. should sincerely implement the DPRK- U.S. agreed framework and respond to the DPRK's proposal for establishing a new peace mechanism.

ROK Minister's Remarks Denounced

SK1212125495 Pyongyang Korean Central Broadcasting Network in Korean 0855 GMT 12 Dec 95

[Commentary from 12 December NODONG SINMUN: "Sophism by a Fear- Stricken Thief"]

[FBIS Translated Text] A fear-stricken dog tends to bark more loudly. This is true as regards the vicious remarks made against us by the Kim Yong-sam ring, which trembles because it does not know when the people will dole out a stern punishment for its complicity in the slush fund scandal involving the traitor No Tae-u.

A few days ago, puppet National Unification Minister Na Ung-pae told an official meeting that as the North maintains a strategy of rejecting the South, it will be difficult to hold dialogue between the authorities, and that it will be difficult to expect progress in North-South relations unless the North changes its attitude. This is groundless sophism.

Needless to say, he made the remarks as a cunning, shallow trick to conceal his color as an accomplice to the slush fund scandal by groundlessly slandering his fellow countrymen and harming them, further aggravating North-South confrontation.

The puppet Na Ung-pae raved that because of us, no North-South dialogue could be held and the issue of improving North-South relations could not be resolved. This is truly shameless.

It is the Kim Yong-sam ring that has blocked and frozen North- South dialogue and kept North-South relations from improving. This is what the world acknowledges.

The people of the world know that it is the puppets that begged the outside forces to establish a cooperative system under the pretext of a nonexistent nuclear suspicion about the North in an effort to harm and crush us, their dialogue partner, and that they resumed the Team Spirit nuclear war exercise along with the aggressors, thus freezing and breaking all North-South dialogue which had been held even during the military dictatorship of the Sixth Republic.

The puppets committed an antinational, antireunification, and inhumane crime by aiming guns at their fellow countrymen who were saddened over the loss of the nation's father, thus leading North- South relations to their worst phase. Everyone knows about this unforgivable crime by the puppets.

South Koreans gnash their teeth with indignation over the fact that dialogue and the reunification issue cannot be resolved because of such toadyist nation-sellers, traitors, and thieves as those of the Kim Yong-sam ring.

This being the case, the puppets are trying to pass the blame to someone else for having frozen and broken up North-South dialogue. How brazen-faced they are!

The puppets will in no way be able to escape their responsibility for their crime of having desperately blocked North-South dialogue and reunification because of their own desire for power and self- interest.

Na Ung-pae complained that the puppets had been rejected in a North-South dialogue. This is a mere lament over themselves who were rejected in a North-South dialogue because of their high treason against the country and nation.

As the slush fund scandal involving the traitor No Tae-u has more clearly shown, the traitor Kim Yong-sam is a peerless toadyist nation-seller, a fascist tyrant, and a ringleader of thieves.

History shows that thieves in South Korea were all toadyist nation-sellers, and that toadyist nation-sellers were all thieves.

Even a small child knows that the Kim Yong-sam ring, which frantically suppresses and exploits people and steals their money, pays no heed to North-South dialogue and reunification. Such dirty humans as those of the Kim Yong-sam ring, who steal only for personal gain regardless of the destiny of the country and nation, are not qualified to come to the sacred dialogue on reunification and have no face to do so.

When the ringleaders of thieves are removed, only then will the issue of dialogue or reunification be resolved in compliance with the nation's earnest desire. This is a conclusion the South Koreans have again found in reality.

Rather than recklessly finding fault with someone else, the puppets had better think of their own sorry situation in which they have been deprived by the entire nation of their qualifications to engage in a dialogue on reunification.

The puppet Na Ung-pae raved about aid to someone else. This is nonsense, like a beggar raving that he will give something to heaven. The very talk of aid by the ringleaders of thieves is a mockery and defilement of public opinion at home and abroad.

The Kim Yong-sam ring must stop launching a slander campaign against the Republic, which will not convince anyone; must apologize to the nation for having endlessly blocked North-South dialogue and reunification; must disclose all the funds it received from No Tae- u; and must resign from power without delay.

Punishment for 'Traitor' Kim Yong-sam Demanded

SK1312102495 Pyongyang KCNA in English 0940 GMT 13 Dec 95

[FBIS Transcribed Text] Pyongyang, December 13 (KCNA) — People from all walks of life in South Korea have demanded the punishment of traitor Kim Yong-sam, the kingpin of thieves, who is defending the murderers of Kwangju people.

Yi Sang-pok, an old man residing in Koje Island, said, "Kim Yong- sam should be made mincemeat of for having put the islanders to shame." "It is a disgraceful shame that this political profiteer, the kingpin of thieves, was born in Koje Island," he said. "The islanders will stand in the van of the struggle for punishing Kim Yong-sam."

A worker surnamed Kim residing in Mapo District, Seoul, told his colleagues on Nov. 17 that "Chongwadae" [presidential offices] is a den of thieves and Kim Yong-sam could take the "presidential office" with secret fund from No Tae-u.

"Kim is the same thief with No," he said, demanding Kim Yong-sam open to the public the total black money including the "presidential election" fund he received from No and immediately step down from power.

An opposition party figure, Chon Yong-hun, residing in Seoul, said Kim Yong-sam is playing a drama of deception, what is called an enactment of the May 18 Special Law, in an attempt to get time for the security of power. "The people should heighten vigilance against this and continue their struggle," he held.

A democratic unionist, Son U-chin, said that the Kim Yong-sam regime's announcement on the institution of the May 18 Special Law is aimed at throwing dust in the eyes of the people and quietly calm down the public opinion calling for the opening of the 1992 "presidential election" fund to the public.

The Kim Yong-sam regime is trying to shuffle off all the responsibilities upon former dictators Chon Tu-hwan and No Tae-u and slip out of the dock so as to maintain the security of its power, he added.

"Our people," he said, "will continue their struggle for the introduction of the special prosecutor system, the punishment of the chief culprits of the Kwangju massacre, the opening of the presidential election fund to the public, and the resignation of the Kim Yong-sam regime."

Foreign Newspapers Criticize Kim Yong-sam

SK1312104095 Pyongyang KCNA in English 0952 GMT 13 Dec 95

[FBIS Transcribed Text] Pyongyang, December 13 (KCNA) — Foreign newspapers continue to carry articles criticizing the traitor Kim Yong-sam who is driven into a tight corner owing to the "slush fund scandal".

The Danish paper POLITIKEN December 6 said that the arrest of the two former "presidents" of South Korea is creating a big stir and causing a political confusion. The day is not far when the Kim Yong-sam "regime" will be ousted, it noted.

The U.S. paper WASHINGTON POST December 5 in a commentary titled "Extra Corruption Case of South Korea" said that the "slush fund case" is driving Kim Yong-sam into a tight corner.

The Swiss paper LE NOUVEAU QUOTIDIEN December 7 said that the traitor Kim Yong-sam is facing a crisis, being involved in the "slush fund scandal". It noted that Kim Yong-sam renamed the "Democratic Liberal Party" "New Korea Party" in a bid to show colors different from his predecessors.

Another Swiss paper INTERNATIONAL HERALD TRIBUNE December 8 said: In order to divert elsewhere the attention of the public opinion, the Kim Yong-sam group has put its armed forces on a stand-by alert, claiming that there is a danger of North Korea's attack.

Polish Paper Notes 'Slush Fund Scandal'

SK1312045395 Pyongyang KCNA in English 0322 GMT 13 Dec 95

["Kim Yong-sam Receives 390 Million Dollars From No Tae-u" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 13 (KCNA) — The Polish paper ZYCIE WARSZAWY December 6 said that Kim Yong-sam has been suspected of being involved in the "slush fund scandal" of the traitor No Tae-u. The traitor Chon Tu-hwan, who was detained some time ago, stated during the investigation that Kim Yong-sam received 390 million dollars as "election" fund from No Tae-u, it noted.

The paper December 5 also said that all officials from the lower to the upper strata are being accused of bribery in South Korea. It added that in the prosecutor's investigation Chon Tu-hwan disclosed that Kim Yong-sam received 390 million dollars from No Tae-u at the time of the "presidential election" in 1992.

ROK Plans for Military Exercise Reported

SK1312043295 Pyongyang KCNA in English 0325 GMT 13 Dec 95

["War Exercise Due in Seoul" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 13 (KCNA) — The South Korean puppets on Tuesday made public a plan of military exercise to be held in the area around Mt. Kwanak in Seoul, with the participation of the units under the "Capital Defence Command" of the puppet army, a Seoul-based radio said.

The exercise, to last until December 15, will reportedly include a tactical training with the use of blank shots. And, the puppet joint staff headquarters noticed that Armed Forces will move in Seoul on Tuesday afternoon, with regard to a joint training of the puppet army and police against infiltration.

Nowadays, the Kim Yong-sam group are conducting war moves against the North more frantically than ever to save themselves from uneasy position driven to a wall. Moreover, they are more frequently staging such military exercises in Seoul. Their anti-national crime clearly indicates that their desperate last-ditch efforts have entered into a reckless phase.

Reactions to 'Presidential Election' Fund Scandal

SK1312101295 Pyongyang KCNA in English 0915 GMT 13 Dec 95

["Eruption of People's Wrath" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 13 (KCNA) — South Korean people from different social strata and students recently held rallies and demonstrations in nine cities including Seoul to bitterly denounce the traitor Kim Yong-sam, the kingpin of irregularities and corruption, for stubbornly refusing to open to the public the total amount of the "presidential election" fund and introduce a special prosecutor system.

Pyongyang-based papers today come out with commentaries stressing that it is only too natural and just that the South Korean people from all walks of life are struggling for the probe into the truth behind the "presidential election" fund of the traitor Kim Yong-sam.

A news analyst of NODONG SINMUN says:

The South Korean people are giving vent to their resentment against the prosecution's announcement of the "interim investigation results", branding this as a mockery of and challenge to their demand for the total opening to the public of the "presidential election" fund of the traitor Kim Yong-sam. Opposition parties also estimate that the prosecution's announcement is a "political frameup" and a "makeshift drama" based on the "prior promise" between Kim Yong-sam and No Tae-u.

It has been confirmed by elementary data that the traitor Kim Yong-sam received the secret fund of more than one trillion won [US$1.3 billion] from the traitor No Tae-u. This irrefutably proves that Kim Yong-sam is an accomplice of the "slush fund scandal" of the traitor No Tae-u and if the truth behind the scandal is to be clarified, the crime of Kim Yong-sam, an accomplice, must be investigated.

The South Korean people will more daringly wage their anti-kim Yong-sam, anti-"New Korea Party" struggle which they have already started and thus throw the traitor Kim Yong-sam, an accomplice of the "secret fund scandal," into prison.

The traitor Kim Yong-sam must not make futile efforts to cover up his true nature as the extraclass kingpin of thieves which was fully revealed in the eye of the world but confess his crime of his own accord and face the judgement of the people before it is too late.

A signed commentary of MINJU CHOSON urges that the traitor Kim Yong-sam look straight at the situation, open to the public the "presidential election" fund at once and step down from the presidential post which he bought with dirty money before facing the stern punishment of the people.

Pledge To Carry Out Tasks Set by Kim Chong-il

SK1312045095 Pyongyang KCNA in English 0321 GMT 13 Dec 95

["Men of the Press Vow To Defend Party Central Committee and Demonstrate Spirit and Potentials of Socialist Korea" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 13 (KCNA) — Men of the press met here on December 12 to carry through the tasks laid down by the great leader Comrade Kim Chong-il in his autograph letters to them.

In November last Comrade Kim Chong-il posed for photographs with the officials, journalists, editors and announcers of the NODONG SINMUN and the Radio and TV Broadcasting Committee of the Democratic People's Republic of Korea, and sent autograph letters to NODONG SINMUN, the KOREAN CENTRAL NEWS AGENCY, the DPRK Radio and TV Broadcasting Committee and an official of the North Hamgyong Provincial Broadcasting Committee.

Kim Chol-myong, chairman of the Central Committee of the Korean Journalists Union and editor-in-chief of NODONG SINMUN, delivered a report. Some officials of news media took the floor.

The reporter and speakers said that the autograph letters of the great General Kim Chong-il were a militant programme that clearly indicated the mission and duty of the men of the press in the revolutionary era and an undying banner that should be upheld forever.

The autograph letters, they noted, call upon the men of the press to remain loyal forever to the party in any adversity, take the lead in the Defence of the Party Central Committee to meet the urgent demand of the revolution and effect a radical turn in newspaper, news agency, radio and all other news media and demonstrate the spirit and potentials of socialist Korea.

They said that for the full implementation of the tasks laid down by respected General Kim Chong-il in his autograph letters men of the press should make a maximum effort to carry out their tasks as a good educator, a courageous propagandist, and a loyal mouthpiece all the time.

Efforts should be made to defend the imperishable exploits of the party and the leader for the building of news media and to steadily strengthen and develop our news media into chuche-based media modelled on his idea and traits, they said.

They vowed to take the lead in a noble and worthy struggle for realising what he has intended and desired, playing the role of vanguards in the work for defending the dignity of the socialist homeland and achieving the greater prosperity and development of the country and the motherland.

The meeting adopted a letter of pledge to Comrade Kim Chong-il.

KPA Art Honors Leadership of Kim Chong-il

SK1312095595 Pyongyang KCNA in English 0949 GMT 13 Dec 95

[FBIS Transcribed Text] Pyongyang, December 13 (KCNA) — The production group of the Korean People's Army [KPA] produced a large number of fine art pieces portraying the great leader Comrade Kim Chong-il to show his wise leadership and noble virtues this year in which fell the 4th anniversary of his election as the supreme commander of the Korean People's Army.

Among them are the Korean paintings "Morning of October," "A Happy New Year" and "The Respected Supreme Commander Who Looks After the Dietary Life of Soldiers", the oil painting "He Is on a Pilot Navigation With Sailors."

The Korean painting "A Happy New Year" vividly depicts with a beautiful and noble single-stroke technique tender-hearted Comrade Kim Chong-il who visits a KPA unit on a New Year's Day when all the people of the country are enjoying a pleasant rest and encouraged and bestowed paternal love upon the soldiers.

The Korean natural jewel painting "Sobaek River in February" was produced with 2.6 million processed shells.

The embroidery piece "Forest on Sobaek River" was completed with such a special technique that it makes the spectators believe that the mosses of steeps and big trees are living ones.

Comrade Kim Chong-il saw the fine art pieces on several occasions and highly praised and thanked their creators.

Foreign Media Carry Kim Chong-il's Works

*SK1312044895 Pyongyang KCNA in English
0315 GMT 13 Dec 95*

[All newspapers' names are as received]

[FBIS Transcribed Text] Pyongyang, December 13 (KCNA) -- The great leader Comrade Kim Chong-il's famous work "The Workers' Party of Korea Is the Party of the Great Leader Comrade Kim Il-song" was carried by the Russian paper BUMBARASH and the Austrian magazine DIPLOMATISCHER PRESSEDIENST No.5.

The Nigerian paper OBSERVER ran his work "Giving Priority to Ideological Work Is Essential for Accomplishing Socialism".

The paper said:

Comrade Kim Chong-il elucidated that idea is the only and the most powerful weapon of the working-class party, thus opening the road for the party to conduct the revolutionary activities in conformity with its intrinsic demand.

He comprehensively expounded the main task and content, principle and method of the ideological work so that the party could purposefully conduct it with clear target and correct methodology.

The Indian paper SAMACHAR POST carried an article explaining the work.

Kim Chong-il Sends Calligrapher Birthday Table

*SK1312102995 Pyongyang KCNA in English
0942 GMT 13 Dec 95*

[FBIS Transcribed Text] Pyongyang, December 13 (KCNA) — The great leader Comrade Kim Chong-il sent a 60th birthday table to Kim Chong-ok, a calligrapher of the Sim Sung-kyong office.

Kim Chong-ok creditably wrote over 30,000 slogans including those for political functions and political visual aids and slogans and letters to be inscribed on rocks of Mt. Myohyang, a famous mountain of Korea, and brought up about 40 calligraphers for 30 odd years.

In particular, he excellently wrote the slogans "The great leader Comrade Kim Il-song will always be with us" and "Let us arm ourselves more firmly with the revolutionary idea of the great leader Comrade Kim Il-song!" which are seen in the area of Kumsusan, the supreme holy land of chuche.

KPA Extols Kim Chong-il as Supreme Commander

*SK1312093795 Pyongyang KCNA in English
0926 GMT 13 Dec 95*

["Respected Comrade Kim Chong-il, Our Eternal Supreme Commander" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 13 (KCNA) — It is the unshakable determination and will of all the [Korean] People's Army [KPA] officers and men and the Korean people to accomplish the revolutionary cause of chuche, holding the great Comrade Kim Chong-il in high esteem as the supreme commander forever, says NODONG SINMUN in a signed article today.

It is thanks to the brilliant foresightedness of the fatherly leader Comrade Kim Il-song and the distinguished greatness and ability of Comrade Kim Chong-il that they hold respected Comrade Kim Chong-il in high esteem as the supreme commander of the Korean People's Army, the authors of the article say, and continue:

The position of Comrade Kim Chong-il as the supreme commander is steadfast and absolute.

He is a veteran and tested supreme commander who has long led the cause of army building with Comrade Kim Il-song.

The article quotes Comrade Kim Chong-il as saying:

"Neither the revolutionary character of the People's Army nor its proud history and glorious tomorrow are thinkable without the leadership of the leader and the party."

It further says:

The chuche-based military ideas and war method formulated by Comrade Kim Il-song shine with the intelligence of Comrade Kim Chong-il. And the programme of modelling the whole army on the chuche idea which was advanced by Comrade Kim Chong-il is associated with the intention of Comrade Kim Il-song.

The images of the two great men who always worked together for the building of the revolutionary armed forces remain a symbol of all victories in the hearts of the officers and men of the People's Army.

The People's Army was, is and will be the army of the great Comrade Kim Il-song and the supreme commander of the revolutionary Armed Forces will always be respected Comrade Kim Chong-il, who has led the building of the revolutionary armed forces with Comrade Kim Il-song. This is an absolute truth which cannot waver under any circumstances as long as the revolution continues and the People's Army exists.

Comrade Kim Chong-il is the supreme commander who enjoys an absolute authority for the undying exploits and particularly rich experience he has accumulated in the building of revolutionary armed forces with his distinguished ability.

He enjoys absolute authority and prestige as the supreme commander, which cannot be impaired by any force.

Comrade Kim Chong-il's is a high authority based on his undying exploits performed with his own strength while leading the building of the revolutionary armed forces for a long period. It is also an absolute authority based on his outstanding commanding art with which he skillfully commands all services and arms and wins victories at all times.

Comrade Kim Chong-il's leadership of army building has a history of more than 30 years.

He is a sagacious supreme commander who is possessed of distinguished gifts as an unrivaled general.

No other military strategists can match Comrade Kim Chong-il in the military qualifications and ability — the clairvoyant military intelligence and resources with which he formulates wonderful strategies and tactics and methods after deeply penetrating into unfathomably complicated military moves; profound military knowledge of all war experience and methods in the world; and the invincible commanding art with which he skillfully leads the revolutionary armed forces as a whole.

His grit is a great boldness. He brings the enemy to his knees without vacillation before the attack of millions of enemy troops and even in face of the threat of nuclear weapons. He mercilessly strikes the enemy without a slightest vacillation once he is determined.

Thanks to this unparalleled grit and will of Comrade Kim Chong-il, our People's Army and people are a heroic army and heroic people who are ever-victorious under any circumstances. Comrade Kim Chong-il is the greatest general gifted with the talents as the supreme commander.

He is the most intimate supreme commander whom all the People's Army officers and men and people boundlessly trust and follow.

They are blessed with great generals, supreme commanders, because they had Comrade Kim Il-song as the supreme commander of the revolutionary armed forces from the days of the anti-Japanese struggle and because they are now holding Comrade Kim Chong-il in high esteem as the supreme commander.

Very bright is the future of the Korean revolution because it is blessed with great generals, supreme commanders.

VNS Lauds Kim Chong-il as Master of Politics

SK1312101995 Pyongyang KCNA in English 0935 GMT 13 Dec 95

[FBIS Transcribed Text] Pyongyang, December 13 (KCNA) — Reverence for the great leader Comrade Kim Chong-il is deepening among the South Korean people, the Seoul-based radio Voice of National Salvation reported.

An expert in North Korean affairs, surnamed Kim, told his colleagues one day in early November:

"True politics is enforced for the people. The people unconditionally believe in the politics. The whole society is united in mind. The people's life is stable. The people are vigorously advancing with confidence in future victory. This fantastic society is in the North.

"The northern people are envied by people around the world because they have their outstanding leader in the person of the great leader Kim Chong-il, who has fully inherited the political leadership ability of respected President Kim Il-song.

"The great leader Kim Chong-il is the master of modern politics. He is demonstrating the dignity and honour of the nation throughout the world with independent politics, the most brilliant in the nation's history of five thousand years."

Kim Tae-hyok, vice-chairman of the Independence Society, active in Chongno District, Seoul, criticized the puppet authorities for suppressing the followers of the chuche idea.

He said:

"The chuche idea, authored by President Kim Il-song and enriched by the leader Kim Chong-il — they are prominent thinkers and theoreticians — is the beacon lighting the path of our people in the sacred struggle for independence, democracy and reunification.

"That is why we youth and students energetically study and disseminate the chuche idea and worship the leader Kim Chong-il in the teeth of fascist suppression.

"We must uphold the leader Kim Chong-il and follow the bright road indicated by the chuche idea."

Pyon Tae-kun, an employee of the Samsung Electronics Company, told his colleagues:

"The North is an ideal society where the people enjoy welfare as masters and the nation's dignity is demonstrated all over the world.

"This wonderful society in the North is thanks to its great leaders. I believe that our nation has a bright future and will be reunified before long as it is led by a peerless great man, the leader Kim Chong-il."

Report on Meeting of UAWPK Central Committee

SK1312053295 Pyongyang KCNA in English
0427 GMT 13 Dec 95

[FBIS Transcribed Text] Pyongyang, December 13 (KCNA) — The 26th plenary meeting of the Central Committee on the Union of Agricultural Working People of Korea [UAWPK] was held here on December 12.

The plenary meeting had discussions on measures to carry through the tasks laid down by the great leader Comrade Kim Chong-il in his immortal famous work "The Workers' Party of Korea Is the Party of the Great Leader Comrade Kim Il-song" and by the joint editorial of NODONG SINMUN, the paper CHOSON INMINGUN (Korean People's Army) and NODONG CHONGNYON entitled "Let Us Accomplish the Revolutionary Cause of Chuche Under the Banner of the Great Party."

It called upon organisations and officials of the UAWPK to make strenuous efforts to resolutely defend the ideas of the great leader President Kim Il-song and respected General Kim Chong-il on the building of the UAWPK and their leadership feats in conformity with the requirements of the developing situation.

It laid emphasis on the question of uniting the members of the union closer around Comrade Kim Chong-il and steadily consolidating and developing the singlehearted unity of the party and the revolutionary ranks around him.

It referred to the tasks to strengthen education and organisational and political work among the members of the union so that they may do better farming for next year as demanded by the chuche method of farming.

Anniversary of Kunja Revolutionary Museum Marked

SK1312101595 Pyongyang KCNA in English
0930 GMT 13 Dec 95

[FBIS Transcribed Text] Pyongyang, December 13 (KCNA) — A meeting marking the 20th anniversary of the Kunja Revolutionary Museum was held on December 12.

The Kunja Revolutionary Museum, founded on December 12, 1975, is a historic one associated with the glorious leadership exploits of the great leader President Kim Il-song. He wisely led the working class to victory in the war through on-the-spot guidance on many occasions during grim fatherland liberation war.

The Central Committee of the Workers' Party of Korea [WPK], in a congratulatory letter to the officials and employees of the museum on the 20th anniversary of its foundation, noted with high appreciation that they have vigorously conducted the education in the revolutionary historic relics with various forms and method so that the visitors could deeply understand the greatness, the chuche- based military strategic idea and the outstanding leadership exploits of the party and the leader. It was pointed at the meeting that the historic place is well built as a centre of revolutionary education to exalt the revolutionary idea, leadership and noble communist virtues of President Kim Il-song under the meticulous guidance and deep care of the great leader General Kim Chong-il, so that Korean and foreign visitors learned and highly praised the immortal exploits of the party and the leader.

A letter of pledge to Comrade Kim Chong-il was adopted at the meeting.

Present there was Chon Pyong-ho, Politburo member and secretary of the WPK Central Committee.

Ancient Korean Medical Encyclopedia Praised

SK1312103895 Pyongyang KCNA in English
0946 GMT 13 Dec 95

[FBIS Transcribed Text] Pyongyang, December 13 (KCNA) — The Korean people created national culture, science and technology from olden times.

Uibangyuchwi is one of the national cultural achievements made by the ancestors of Korea in medical science.

The book was compiled 550 years ago. It is a medical encyclopedia in view of its scope and content.

The book contains the medical achievements made by Korea till the 15th century, main ideas of some 150 foreign medical books and the main features and scientific advantages of Koryo medicine.

Also recorded profoundly in the book are therapies and prescriptions examined and recognised by Koreans as well as foreign medical workers in the east, folk therapies, diet, acupuncture, moxibustion, massage and other methods of treatment and prevention.

The book deals with all spheres of medical science including the morality of doctors, the principles of treatment of diseases, the introduction of main theories of Koryo medicine such as physiology, pathology and etiology, internal treatment, surgery, ophthalmology, otorhinolaryngology, dentistry, dermatology, gynecology, pediatrics and other realms of clinical medicine, diseases, self-discipline, health promotion and macrobiotics.

The book originally totaled 365 volumes but was reduced to 266 volumes in 1477.

Every volume has more than 200 pages. The book totals 60,000 pages.

This voluminous book was printed in three years with metal types.

The book has been translated and widely used for the promotion of the health of the people.

South Korea

Official on 'Strategy Dialogue' With U.S.

SK1312011595 Seoul YONHAP in English 0055 GMT 13 Dec 95

[FBIS Transcribed Text] Washington, Dec. 12 (YONHAP) — In their senior strategy dialogue in Washington Tuesday, South Korea and the United States did not particularly discuss the issue of possible provocation from North Korea, a Foreign Ministry official said.

"The need to guard against North Korean moves constantly was reaffirmed, but the issue of possible provocation from the North was not particularly discussed." The Foreign Ministry's America Bureau Director-General Yim Song-chun said while briefing South Korean correspondents here Tuesday [12 December] on the dialogue's contents.

South Korea was represented by Vice Foreign Minister Yi Si-yong and the United States by Deputy Secretary of State Strobe Talbott at the talks, with foreign and national security officials from the two countries also participating.

With regard to the delay in de facto North Korean leader Kim Chong-il's formal ascension to power, Yim said, "Though the North Korean situation is unstable, no evaluation was made that the situation is dangerous because of the power succession issue."

It is unnecessary to attach special significance to when Kim Chong-il will formally assume power, he noted, adding that no special discussion took place about Kim during the dialogue.

Referring to North Korea's food shortages, Yim said, "The continuing problem of the North was aggravated this year because of floods... The two countries have agreed to handle support for Pyongyang through their channel of consultation.

"But they concurred that such support can be offered only if Pyongyang retracts its policy of hostility toward the South," he added.

Seoul and Washington reaffirmed that it is desirable to continuously induce North Korea to change and open itself amid stability, and to this end, inter-Korean dialogue is essential, Yim said.

U.S. Official Cited on 'Abnormal' Signs in North

SK1312050595 Seoul TONG-A ILBO in Korean 12 Dec 95 p 2

[Report by Yi Tong-kwan from Tokyo]

[FBIS Translated Text] Quoting a U.S. intelligence official, the NHK-TV reported on 11 December that the North Korean military has been confirmed to show abnormal signs that have not been observed since the Korean war, including a military restructuring, presumably to prepare for a war-time system, and large-scale exercises.

According to the official, North Korea conducted flight exercises of over 200 fighter and bomber planes for two days in the end of October, and some of the planes are still in a sortie posture in the three bases near the armistice line. The NHK report added that the official revealed that the Air Force planes did not exchange any radio messages, which most planes usually do, during their flights apparently to conceal their movement.

In the beginning of November, the North Korean border and coast guard units were incorporated into regular troops under the People's Armed Forces Ministry. North Korea has also founded new combat units and actively conducted repeated exercises. It has been confirmed that the North Korean military has undergone a unit restructuring, which can be interpreted as a war-time system.

Prosecutors Implicate No on Fighter Jets

SK1312072395 Seoul THE KOREA TIMES in English 13 Dec 95 p 3

[FBIS Transcribed Text] State prosecutors have secured crucial statements that implicate ex-president No Tae-u received kickbacks in return for exerting influence for switching the decision to buy F/A-18 fighter jets in favor of F-16s in 1991 and that the money was deposited in foreign banks, sources said yesterday.

The statements were obtained during questioning yesterday by investigators of the Supreme Public Prosecutor's Office [SPPO] of No's former presidential secretary for diplomatic and security affairs Kim Chong-hwi, who returned to Korea Monday night after fleeing to the United States two years and eight months ago.

During the questioning, Kim admitted that No ordered him to push the switch and he did as he was told, the investigators said. However, he denied receiving any kickbacks.

Under the muti-billion-dollar Korea Fighter Project (KFP), the F/A-18 of McDonnell Douglas was chosen as the Air Force's next generation fighter, but two years later in 1991, the choice was reversed in favor of the F-16 of General Dynamics. It was alleged that then president No received kickbacks to make the controversial switch.

As to whether or not he exerted pressure on the Air Force to go with the switch, Kim was quoted as telling investigators, "I advocated the F-16 according to my beliefs."

Chong Yong-ho, Air Force chief of staff under ex-president No, told the SPPO in a separate questioning that the presidential secretary tried to pressure him to support the switch and that he was eventually forced to retire for his refusal to do so.

In accordance with Kim's statements the SPPO plans to look for where the kickbacks are after reviewing court and investigation documents on the case of No's daughter So-yong who was discovered trying to smuggle 200,000 dollars in cash into the United States in 1992.

At that time, speculation was rife that money was part of the kickbacks the ex-president received for the KFP deal and stashed away in a Swiss bank.

The prosecution is seriously considering bringing in the ex-president's daughter should enough evidence be gathered to justify it.

In parallel, prosecutors have started to check some 10 bank accounts belonging to Kim after acquiring court warrants in hopes of finding whether or not they might hold money he allegedly stashed away in the KFP deal.

In connection with this, Kim Yong-ho, head of General Dynamics' Seoul office, and consulting specialist Kim Song-ung, underwent overnight questioning in the prosecution's effort to find out whether the American firm lobbied for the change and offered kickbacks.

Meanwhile, Kim submitted a statement of surrender to the SPPO through his legal representative Chon Ki-hong, apparently hoping it will bring him a reduced sentence.

Kim was indicted on charges of taking 145 million won in bribes for allegedly intervening in the process of importing military cargo aircraft.

Reasons for Changing From F-18 Outlined

SK1312090095 Seoul TONG-A ILBO in Korean 12 Dec 95 p 6

[Report by Hwang Yu-song]

[FBIS Translated Text] Since the return home on the afternoon of 11 December of Kim Chong-hwi, former presidential senior secretary for foreign affairs and national security, suspicions about changing the type of next-generation fighter have become entangled in a complicated manner over the merits and demerits of F-16 and F-18; the background for changing the type of fighter; the issue of whether former President No Tae-u received a rebate; and the U.S. policy on defense industry sales.

The Change of Type

The Ministry of National Defense pointed out that the decisive factor in changing the fighter model was the drastic price increase of the F-18 announced by McDonnell Douglas [MD], the manufacturer of the fighter, during the final stage of contract negotiations.

From the beginning, McDonnell Douglas quoted $5 billion for an F- 18, so the Ministry of National Defense made a tentative decision favoring the F-18. However, McDonnell Douglas abruptly increased its price to $6 billion during formal contract negotiations.

This being the case, the Ministry of National Defense judged that, in order to maintain 120 fighters as planned under the ministry's budget, it could not but change the fighter type to the F-16, manufactured by General Dynamics, which was cheaper. Then- Defense Minister Yi Chong-ku reported this to the president. Thus, former President No Tae-u was suspected of receiving a large rebate.

U.S. Policy

In addition to suspicions over whether Chongwadae [presidential offices] exercised its influence in changing the fighter type, suspicions about the U.S. policy on defense industry sales have also been raised. As regards the ROK's next-generation fighter project, the U.S. Government provided the ROK with information regarding the functions of the F-16. However, the U.S. Government saw to it that similar information on the F-18 was not furnished. This was revealed by the U.S. General Accounting Office in its report on the results of its investigation.

The F-18 is basically designed for use aboard aircraft carriers, with 120 F-18's being the approximate number of fighters stationed aboard two carriers. In the event all 120 fighters were introduced, concerns may have been raised from neighboring countries, including Japan and the PRC, and there existed the possibility these nations might lobby the United States against the sale.

In addition, there was possible friction between the U.S. Air Force and Navy.

The U.S. Air Force was concerned that, in the event the U.S. naval fighter was designated as the mainstay fighter of the ROK's next-generation fighter project, then it might lose the leadership it enjoyed in the ROK as regards ROK-U.S. joint operations. Thus, the U.S. Air Force might have pressured the U.S. Department of Defense.

Merits and Demerits of the Two Types of Fighters

Air Force pilots describe the merit of the F-16 as mobility, and that of the F-18 as survivability [saengjonsong].

The F-16, which is currently the mainstay fighter of the U.S. Air Force, replaced the F-4, the mainstay fighter at that time, in 1975 pursuant to reductions in the U.S. defense budget. The F-16, cheap in price, was born in accordance with the policy to develop a multipurpose fighter. Based on this policy, the offensive capabilities of the F-16 in an air battle, as well as in an air-to-ground attack, have been promoted.

Accordingly, the F-16 was developed as a small, lightweight, single-engine aircraft with no large radar or long-range missiles. Its merits are high mobility and a small turn radius.

The F-16, which the ROK intends to introduce as the next-generation fighter, is the F-16C/D model, which was improved by the United States and four NATO nations in the 1980's.

The F-18 is the mainstay fighter of U.S. Navy and is designed for use in carriers operations. Same as the F-16 was developed as an alternative to the F-4, the F-18 was developed in 1976 to replace the expensive the F-14. The F-18 has twin-engines and is outstanding in terms of safety. This aircraft is a multipurpose fighter with offensive capabilities not only in air-to-air battles but also in air-to-ground attacks.

The demerits of the F-18 include its price, which is more expensive than the F-16 by $10 million, and the fact that when parts are to be purchased for repair, en masse carrier-size purchases are necessary, thus causing problems in the logistic support system and requiring the purchase of unnecessary parts.

U.S. Firm May Be Investigated on F-18's

SK1312092095 Seoul SEOUL SINMUN in Korean 13 Dec 95 p 23

[FBIS Translated Excerpt] On 12 December, the Central Investigation Department of the Supreme Public Prosecutor's Office (senior prosecutor, An Kang-min), which is reinvestigating the fraud connected with the Yulgok project, decided to investigate the suspected irregularities involved in the selection of F-18, since suspicions have arisen that McDonnell Douglas, the manufacturer of the F-18, lobbied Chongwadae [presidential offices] and the military leadership when the F-18 was initially selected as the next-generation fighter in December 1989.

A prosecution official stated: We found that the documents received by the prosecution on the Yulgok project investigation, which was conducted by the Board of Audit and Inspection, contained a statement by a military official that the funds McDonnell Douglas spent on lobbying during the selection of the plane totaled $8 million.

In this connection, senior prosecutor An Kang-min said: If we obtain proof that McDonnell Douglas illegally lobbied during the selection of the F-18, we will investigate.

Meanwhile, the prosecution conducted a second day of investigation with Kim Chong-hwi, former presidential senior secretary for diplomatic and security affairs, who was arrested immediately upon his return home on 11 December. During the investigation, Kim Chong-hwi reportedly told the prosecution that the change in type of the next-generation fighter was made under instructions from former President No Tae-u, but that he was not aware if kickbacks were received in the process. [passage omitted]

Round of Extradition Talks With U.S. Concludes

SK1312083695 Seoul YONHAP in English 0832 GMT 13 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 13 (YONHAP) — Officials of South Korea and the United States ended their second round of talks Wednesday for the signing of an extradition treaty, a Foreign Ministry spokesman said Wednesday.

During the three-day working-level talks, the two countries agreed on the necessity of the treaty at a time when mutual exchanges of people and material resources have grown greatly and to effectively cope with international crimes.

Both sides will hold the third round of such talks in Washington during the first half of next year to narrow their differences over some projected clauses to be included in the accord.

The first round of such talks had been held in the American capital in June last year.

Deputy Director-General Chon Yong-tok of the ministry's Treaties Bureau represented South Korea at the conference while his American counterpart was Deputy Assistant Legal Adviser Keith Loken of the U.S. State Department.

DPRK Agrees on Repayment Terms for Reactors

SK1212232995 Seoul KBS-1 Radio Network in Korean 2200 GMT 12 Dec 95

[Report by Song Kyong-sop from New York]

[FBIS Translated Text] Talks currently under way in New York on the agreement to supply light-water reactors [to North Korea] have, in effect, been settled. An agreement is reportedly expected to be signed around 15 December. North Korea and the Korean Peninsula Energy Development Organization [KEDO] had difficulty reaching agreement on the repayment conditions for the light-water reactor construction cost, but reportedly agreed to an interest-free 17-year repayment period with a three-year grace period.

Ministers Approve of Reactor Supply Contract

SK1312053995 Seoul YONHAP in English 0514 GMT 13 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 13 (YONHAP) — The South Korean Government on Wednesday endorsed the light-water nuclear reactor supply contract tentatively concluded in New York between the Korean Peninsula Energy Development Organization (KEDO) and North Korea Tuesday.

The government evaluated that the contract is reflecting Seoul's position that the type of nuclear reactors to be provided to the North should be a South Korean standard model and that the South should play a central role in the project.

The approval was made at a meeting of 18 related cabinet ministers at the National Unification Ministry.

Informed sources said the agreement will be finally signed around this weekend after receiving approvals of other KEDO member countries and North Korea.

Ministry Spokesman Kim Kyong-ung said related ministers at the meeting concluded that the negotiations in New York was consistent with Seoul's position to minimize the increase in expenses for the construction of the nuclear plants.

Upon signing of the contract, the nuclear project will be set to commence early next year, with the Korea Electric Power Corporation to be named KEDO's main contractor for construction of the reactors.

In talks on Tuesday, the KEDO and North Korea resolved the knotty problems of defining the scope of KEDO's provision. North Korea agreed that it would build at its own expenses power transmission and distribution facilities and a fuel fabricating plant in return for the KEDO's arrangement of foreign loans needed.

For its part, KEDO agreed to construct roads in the nuclear power plant and berthing facilities at a neighboring port to be used for the transportation of construction materials and provide a reactor simulator and training.

DPRK Situation Viewed From PRC Border

SK1312070695 Seoul CHOSON ILBO in Korean 12 Dec 95 p 10

[First of three installments of article by reporter Kim In-ku from Dandong, China: "Winter in North Korea Viewed From Korea-China Border"]

[FBIS Translated Text] North Korea is experiencing one of the most difficult winters in its history. There is concern that without international aid, North Korea would suffer from large-scale starvation due to the damage caused by last summer's floods in addition to the daily-aggravating economic difficulties. CHOSON ILBO reporter Kim In-ku has recently covered the North Korean situation from the Chinese side of the Yalu and Tumen Rivers. This paper will carry in three installments the article concerning the present situation in North Korea and its efforts for survival.

Sinuiju in winter seen from Dandong, downstream of the Yalu River, was silent, and it even seemed gloomy under the gray sky. I took a ride in a high-speed boat by the wharf under "the PRC-DPRK Friendship Bridge," which connects Dandong and Sinuiju, in order to take a closer look at the North Korean side.

It appeared as though most plants upstream were not operating. Many of North Korea's leading plants, including chemical fiber plants, textile factories, paper mills and pulp plants, are located in this area. However, only one plant had smoke coming out of its chimney. Large-size cranes were all standing still, and no people were seen. Peng Qingsheng (41), a Chinese who said he has been operating the boat for five years, stated that "it has been more than a year since plants stopped emitting smoke." He added that since Kim Il-song died, the overall atmosphere of Sinuiju seemed depressed. According to him, the daily food ration has decreased drastically to 150 grams after the damages caused by the flood.

The Amnok Restaurant, located downstream, also looked quiet. A wooden boat, wrecked apparently by the flooding after being pushed to the bank, was in very poor shape and was abandoned. Two women, carrying babies on their backs, slipped away as the boat approached them, while an old man was sitting idly looking at the boat. Two men in their forties were sitting on the ground conversing and smiled at us and waving as they looked at us. Soldiers in uniform, sitting alone on the bench here and there, pretended not to see us, turning away their heads, even though we waved and shouted. They are known to be playing the role of watching the Chinese people coming to Sinuiju by boat to meet their relatives.

Large-size cranes, hanging in the shipyard in lowlands, were also stopped. Boats with such slogans as "By upholding the great leader Comrade Kim Il-song's leadership..." were anchored at the wharf. These boasts are, all in all, old and outdated. A few soldiers and members of the crew were conversing on the boat. Some soldiers were singing a song accompanied by a guitar. Only three or four people, who were repairing a fishing net, were engaged in work.

A businessman in Dandong, who frequently contacts North Korea's trade officials, stated that "most plants in Sinuiju recently stopped operating due to a shortage of fuel and raw materials." There was practically no light in Sinuiju at night. The only light lit was the one illuminating the Kim Il-song statue.

A Korean who said he visited Pyongyang in September stated that "riding on a train from Sinuiju, I saw many soldiers idly sitting on the streets, and residents were also sitting on the ground near the railway station without doing any work."

Seeing plants that stopped operating and flood-stricken villages and farmlands, we came to sense that North Korea is experiencing one of the gloomiest winters ever.

North Korean Defector, Son Arrive

SK1312104995 Seoul YONHAP in English
1042 GMT 13 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 13 (YONHAP) — A North Korean woman and her adult son flew into Seoul in defection Wednesday, the Agency for National Security Planning (NSP) reported.

Mrs. Yi Sun-ok, age 48, and her son, Choe Tong-chol, 28, arrived at Kimpo Airport from a third country where they had been staying after they escaped the North last year.

An NSP official said Yi and her son fled North Korea after she was jailed for five years on false charges and her son, Choe, was expelled from Kim Il-song University on her mother's imprisonment and made to work as a farm worker.

She was unfoundedly charged with smuggling gold during her work at the Onsong County Commerce Office, North Hamgyong Province in October 1986 after she rejected a local security officer's demand for suit cloth as a bribe, the official said.

Defense Ministry Analysis of DPRK Developments

SK1312123595 Seoul CHOSON ILBO in Korean
13 Dec 95 p 6

[Article by reporter Yu Yong-won: "The Defense Ministry's View of North Korea's Unusual Movement"]

[FBIS Translated Text] The ROK Defense Ministry has carefully watched the unusual movements of the Korean People's Army [KPA] since October, and has been analyzing them from all perspectives.

What the Defense Ministry considers unusual military movements was the KPA's massive aircraft landing and takeoff exercises toward the end of October as well as the deployment of these aircraft in forward positions. North Korea conducted a massive exercise on 21- 22 October in which approximately 400 aircraft participated, and later deployed forward 85 aircraft, including MiG-17 and MiG-19 fighters and Il-28 light bombers, at three frontline bases a mere 30 to 40 km from the DMZ.

Moreover, the KPA deployed approximately 10 more aircraft at frontline bases in December; a total of over 95 aircraft are now reportedly deployed forward. As a result, the North Korean Air Force can reach the Seoul metropolitan area in six minutes, while in the past it would have taken eight minutes. This has placed a great burden on the ROK's early-warning and air raid defense network.

Also this year, North Korea deployed more 240-mm multi-barreled rockets and 170-mm self-propelled guns in areas close to the DMZ. As a result, these guns can directly attack Seoul. There were approximately 190 240-mm multi-barreled rockets last year within range of Seoul; now there are approximately 240. There were also approximately 360 170-mm self-propelled guns last year within range of Seoul; now there are approximately 450.

North Korea deployed 70 of these long-range artillery pieces in areas close to the DMZ since the summer.

The KPA scaled back its military exercises beginning in 1990. However, in 1994 it conducted as many military exercises as it had prior to 1990, and this year it conducted more exercises than ever before. In particular, the KPA drastically increased its military exercises in September and October, right after the flooding. Moreover, the North Korean Air Force began regular winter exercises in December, flying 350 to 400 sorties daily. This represents a significant increase compared to the number of sorties flown on normal days, but only a slight increase compared to the number of sorties flown during previous exercises. Thus, as analyses go, this exercise does not represent a major threat. ROK military intelligence links North Korea's recent aggravation of tensions to the fact that important posts in the KPA are held by Choe Kwang, minister of the People's Armed Forces; Kim Yong-chun, chief of the KPA General Staff; O Myong-nok, director of the General Political Bureau of the KPA; O Kum-chol, Air Force chief of staff; and other hard-liners. Intelligence feels that since the above-mentioned assumed office, the KPA has sought to conduct exercises, including Air Force exercises, and to deploy forces for actual combat. As NHK in Japan reported on 11 December, the fact that some North Korean guard units were incorporated into the Ministry of the People's Armed Forces is interpreted as part of North Korea's efforts to bolster its war-time posture.

Choe Kwang reportedly played a leading role in the capture of the U.S. intelligence vessel Pueblo in 1968. ROK military authorities understand that North Korea took a passive attitude toward returning the crew of the Usong vessel during the Beijing talks in September because of hard-liners in the military. In addition, the authorities speculate that the infiltration of armed bandits via the Imjin River as well as the Puyo armed spies incident were also the "work" of hard-liners in the KPA.

Meanwhile, some U.S. intelligence agencies feel that because of its outdated weapons system, North Korea is likely to unleash a "do- or-die" last-ditch provocation within a year or two, this winter inclusive. This analysis is noteworthy in connection with the KPA's recent military movements.

Despite such a situation and such views, the military leadership in the ROK and the United States do not feel a large North Korean provocation is imminent. A high-ranking source in the ROK armed forces stated: "It is quite possible North Korea will unleash a provocation because the security situation is very vulnerable due to the chaotic domestic situation and the imminence of parliamentary elections scheduled for next year." He added: "However, no signs indicate that a North Korean provocation is imminent."

'Little Progress' in Inter-Korean Relations

SK1312113095 Seoul YONHAP in English 0638 GMT 13 Dec 95

[First in a series of year-enders reviewing major inter-Korean, socio-political, and economic events in 1995; by Kim Tae-yong: "Seoul-Pyongyang Relations Fail To Make Progress This Year"]

[FBIS Transcribed Text] Seoul, Dec. 13 (YONHAP) — Inter-Korean relations made little progress this year, despite South Korea's provision of rice aid to North Korea and its agreement to bear most of the burden in supplying the light-water nuclear reactors to the communist country.

The overall atmosphere on the Korean peninsula was far from one of reconciliation throughout the year.

Inter-Korean talks were held outside the peninsula including Beijing, New York, and Kuala Lumpur, but never bore fruit.

Although suffering from extreme economic difficulties, North Korea has shown no signs of trying to resume inter-Korean high-level talks headed by prime ministers of both sides.

In an effort to break the impasse, South Korean President Kim Yong-sam proposed giving rice aid to the reclusive nation in March while visiting Germany, but Pyongyang immediately rejected the offer.

The rice deal was promoted in earnest after Japan expressed its willingness to support such aid to North Korea in May. In inter- Korean rice talks held in Beijing in June, the two sides agreed on Seoul's provision of 150,000 tons of rice to Pyongyang.

Seoul tried to make the talks in Beijing into a government-level summit to discuss a broader range of exchange and cooperation issues, but Pyongyang kept it only as an informal contact to discuss the rice package.

Additionally, with Pyongyang capturing a South Korean trawler on the West Sea [Yellow Sea] in late May and kidnapping South Korean clergyman An Sung-un into the North, it was apparent that the Stalinist state did not want to improve its relations with the South.

Such actions by the North further deteriorated relations between the two Koreas.

To worsen things, North Korea forced a South Korean freighter ship carrying rice to the North to hoist the North Korean national flag in Chongjin Port. Seoul suspended its rice aid after the incident, but resumed it soon after Pyongyang apologized.

South Korea in turn had to apologize after North Korea found crewmen on another rice carrier, Samsun Venus, taking photos of Chongjin Port.

After the incidents, public opinion inside the South became skeptical about the efficiency of South Korea's one-sided efforts to improve overall inter-Korean relations.

Such skepticism may explain why the government reversed its original decision to provide, as a member of the international community, 2 million U.S. dollars of additional aid to flood victims in North Korea. The ruling camp, stirred by public opinion, opposed the relief package.

Throughout the year, North Korea remained adamant that it is pushing to improve its relations with the United States and Japan. However, Pyongyang failed to change its attitude of ruling out the South Korean Government or engaging in any exchanges with Seoul.

Overall, inter-Korean relations, despite South Korea's offering of rice aid from a humanitarian point of view, failed to improve amid critics laying most of the blame on both Seoul's lack of consistent inter-Korean policy and Pyongyang's steadfastly hostile attitude towards the South.

Inter-Korean Trade Decreasing Since Flood

SK1312034795 Seoul CHOSON ILBO in Korean
12 Dec 95 p 10

[Report by Kim Yon-kwang]

[FBIS Translated Text] The National Unification Board [NUB] projected on 11 December that in November, $2.61 million worth of North Korean goods were delivered (imported) to South Korea, and $1.91 million of South Korean goods were sent (exported) to North Korea, and that inter-Korean trade totaled $274 million as of the end of November.

An NUB official said: "Inter-Korean trade showed strong growth until August this year, but was reduced drastically after September because of the flood. This year's inter-Korean trade may not reach the initial forecasted amount of $300 million."

Amount of UN Relief Aid to DPRK Reported

SK1312031295 Seoul YONHAP in English
0251 GMT 13 Dec 95

[FBIS Transcribed Text] New York, Dec. 12 (YONHAP) — A total of 841,223 U.S. dollars worth of relief aid has been donated, either in cash or in kind, by various countries to North Korea to relieve its severe food shortages, informed sources at the United Nations said Tuesday.

By country, the United States was the largest donor with 225,000 dollars, followed by Denmark with 183,923 dollars and Pakistan with 160,000 dollars.

Non-governmental organizations gave 4.2 million dollars worth of cash and clothes and 70,000 dollars in medicine, according to the sources.

India and Iran each sent 100,000 dollars each to the communist country, Australia 25,000 dollars, Indonesia and Singapore 20,000 dollars each and Belgium 7,300 dollars.

North Korea has appealed to disaster relief organizations worldwide for emergency aid following the devastating floods last summer there and the ensuing severe food shortages.

Paper on Analysis of Recent DPRK Movements

SK1312100795 Seoul CHOSON ILBO in Korean
13 Dec 95 p 6

[Article by reporter Kim Yon-kwang: "The Government's Analysis of North Korea's Unusual Movement"]

[FBIS Translated Text] People have pointed out in succession that abnormal signs are apparent within North Korea. On 12 December, President Kim Yong-sam expressed concern about "the North Korean People's Army's [KPA] deployment along the front," while Japanese newspapers reported that the KPA is showing its most alarming movements since the Korean war broke out in 1950. CHOSON ILBO carries an article on North Korea's recent military movements and on the government's analysis of these movements.

Government officials observed that North Korea is straining the situation along the DMZ [Demilitarized Zone] in a bid to earn the time needed to escape from its own internal crisis. On 12 December, a relevant government official stated: "North Korea marked continuous negative growth over the past six years. It has completely lost its qualifications as a state in terms of economic index."

Under these circumstances, and since the formulation of the Geneva nuclear agreement, North Korea has consistently maintained the principle of improving relations with the United States and Japan by assuming the ROK as the main enemy. In other words, it adhered to "a strategy of excluding the ROK." North Korea, which regarded its hatred of the ROK and the United States as its main principle in the past, is now attempting to shift the sense of hatred from the United States onto the

ROK, thus resulting in continued tensions on the Korean peninsula.

Such a position by Pyongyang was confirmed in North Korea's Foreign Ministry statement of 12 December. Criticizing "the United States for heightening military tensions on the Korean peninsula," the statement did however point out that "although the DPRK has many things to calculate with the United States, the DPRK is implementing the DPRK-U.S. framework agreement with sincerity in order to develop relations of mutual trust, thus eliminating the hostile relationship between the DPRK and the United States," thereby sending a signal of reconciliation.

In other words, the blame for the military tension on the Korean peninsula should not necessarily be laid on the United States.

Amid its economic difficulties, diplomatic isolation, and the crisis in its power succession, the North Korean military has emerged as the main axis in the crisis-management regime. The ceremony held on 10 October to mark the 50th anniversary of the founding of the Workers Party of Korea indicated that North Korea is turning into a military-ruled state [kunsa tongchihwa hada] as shown by the fact that Choe Kwang, minister of the People's Armed Forces, hosted all the events.

Accordingly, a conservative view among the military has been expressly reflected in North Korea's recent foreign policy. It was learned that during the rice talks in Beijing and the light-water reactor negotiations in New York, North Korean officials frequently pointed out "opposition by the military." The "veto right" exercised by the North Korean military was confirmed in the breaking of the promise made during the second round of talks in Beijing by Chon Kum-chol, vice chairman of the Committee for the Peaceful Reunification of the Fatherland, to repatriate the crew of the Usong; in the belated detention of the crew of the Samson Venus three days after a crew member took a picture in Chongjin Port; and in delaying the establishment of a U.S. liaison office in Pyongyang.

At present, Kim Chong-il rules the nation under the title chairman of the National Defense Commission and supreme commander of the People's Army. Kim Chong-il's control over the military is solid. However, it is likely that in the event "the crisis-management system" continues due to Kim Chong-il's failure to put forward a solution to the crisis, he may not be able to block the influence of the military.

A relevant government official said that during talks between high-level authorities from the North and South held a few years ago, KPA Major General Kim Yong-chol seemed much surprised by the remarks made by Kang Yong-hun, then-ROK prime minister, that the ROK's exports totaled $60 billion, and that he tried to confirm this with the relevant party officials. This government official also pointed out that "differences in view over the ROK between the North Korean military and the party and government are dangerous."

Meanwhile, concerning the "crisis theory" raised by the United States while pointing to the possibility of a North Korean military provocation, some view this as having something to do with U.S. policy toward North Korea. In other words, in the wake of the U.S. plan to open a liaison office and to lift second-stage economic sanctions, the United States calls on the ROK Government to join the U.S. appeasement policy toward North Korea.

Correction to UN Official on DPRK 'Starvation'

SK1212231995 Seoul KBS-1 Radio Network in Korean 2100 GMT 11 Dec 95

[FBIS Translated Text] A high-ranking UN official has revealed that since North Korea suffered from a large flood last summer, its food situation has been greatly aggravated, thus, its people are on the verge of starvation.

Via a telephone conversion from Pyongyang, Mr. (Page), head of the World Food Program delegation dispatched to North Korea, said that signs can be seen in various places that the North Korean people are on the verge of starvation. He said that the amount of food aid given to North Korea can feed 360,000 North Koreans out of its total population of 23 million [correcting figure 2.3 in initial FBIS version] people for three weeks. Therefore, the food situation is very difficult. He pointed out that, in particular, the situation of undernourished children is serious.

Mr. (Page) also said that there are food shortages even in Pyongyang, and expressed his concern that if no further food aid is given to North Korea, some people will die from starvation.

Article Views Kim's 'Strongly-Worded' Statement

SK1312071195 Seoul THE KOREA TIMES in English 13 Dec 95 p 1

[FBIS Transcribed Text] Terming the ongoing crackdown on the masterminds of the 1979-1980 military takeover a "revolution to restore our honor," President Kim Yong-sam yesterday vowed to continue his campaign to right the wrongs of history during his remaining period in office.

In a strongly-worded statement issued on the 16th anniversary of the Army insurrection masterminded by the now disgraced two former presidents, Kim repeated his pledge to straighten out the record by "bravely liquidating the vestiges of military dictatorship and exorcising the ghost of the coup d'etat."

"I will accomplish this task whatever the price in the belief that we are building the nation for the second time. In this way, I will make law, justice and conscience a firm basis for the everlasting progress of the nation," Kim said in the special statement read by presidential spokesman Yun Yo-chun.

This was Kim's first clarification of his position on the recent cataclysmic developments in Korean politics, including the arrests of former presidents Chon Tu-hwan and No Tae-u for treason and political graft.

"Today marks the 16th anniversary of the Dec. 12 incident which has left a large stain on the Constitutional history of our nation. On this day of infamy, I, as President, would like to make clear to you my resolution and determination to right the wrongs of history," the Chief Executive said.

Kim indicated that there would be no mercy in dealing with former coup leaders, saying: "We must resolutely punish all who try to destroy Constitutional order: we must firmly establish law and justice so that Constitutionalism will become the ruling principle of our nation."

Kim attributed the abrupt change in his attitude towards Chon, No and other coup leaders to their brazen failure to repent for their past sins and to the fresh revelation of the astronomical size of their ill-gotten fortunes.

Before the billions of won in No's slush fund was unearthed by an opposition lawmaker at the National Assembly in October, it had been Kim's consistent position that the Dec. 12, 1979 mutiny, the May 17, 1980 military takeover and the subsequent tragedy in Kwangju should be left to the judgment of history.

After No was arrested for stashing over 500 billion won ($650 million) in secret accounts, President Kim ordered the ruling party to prepare special legislation aimed at punishing the masterminds of the military takeover and the Kwangju massacre. Former president Chon was arrested on charges of treason for his leading role in the 1979 mutiny just one day after he challenged Kim's special legislation order in a press conference in an alley beside his Yonhui-tong home.

"Since I became President, I have tried to forgive those who committed wrongs in the past and to accept them all into a reconciled world in order to concentrate the people's energies on the development of the nation. I thus appealed to you, the people, to leave past misdeeds to the judgment of history," Kim said.

However, the President said, the mind-boggling size of the former presidents' ill-gotten fortunes prompted him to change his attitude.

Moreover, Kim continued, instead of repenting and begging for forgiveness, the former presidents further enraged the people by making shameless remarks that were an affront to history.

"Through the revelations about the former presidents' corruption, I have been able to confirm that the roots of this grave betrayal of the trust and expectations of the people lie in the Dec. 12 and the May 17 and 18 incidents. We can no longer overlook, in the name of national reconciliation, their acts and attitude that have disgraced the people and our history," Kim said.

Editorial Views Kim's 12 Dec Statement

SK1312054995 Seoul THE KOREA TIMES in English 13 Dec 95 p 6

[Editorial: "President Kim's Special Statement"]

[FBIS Transcribed Text] President Kim Yong-sam issued a special statement yesterday which marked the 16th anniversary of the Dec. 12, 1979 military mutiny, explaining why he changed his position on the incident.

In a sense, Kim's revelation of his official stand on the matter is rather overdue, although he has already directed his party to enact a special law to remove any legal obstacles to criminally charging the masterminds of the mutiny and coup in 1979 and 1980.

In a reversal of his previous stand to leave the incidents up to the judgment of history, Kim straightforwardly described the military action 16 years ago as a rebellion or coup to take over power from constitutionally endowed government.

Former presidents Chon Tu-hwan and No Tae-u, who masterminded the military mutiny, have argued that their action was inevitable to safeguard the nation in the wake of president Pak Chong-hui's assassination on Oct 26, 1979.

As for his change of position, President Kim cited two points: firstly, the ex-presidents amassed huge sums of money while in office and, secondly, they still refused to repent for their wrongdoings. And it is true that their past conduct and present attitude are enough to provoke a storm of popular protests and indignation.

Nonetheless, it should be noted that the Kim government's undertaking of the "correction of history" has been made possible mainly due to the people's awakening to democracy and the country's newfound political maturity. And because of this national development can we continue the task without fear of military coups.

Court Rules 12 Dec 'Prearranged' 'Rebellion'

SK1312025495 Seoul YONHAP in English
0242 GMT 13 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 13 (YONHAP) — The Dec. 12 putsch in the army was condemned as "an act of military rebellion carried out under a prearranged plan" for the first time by a court Tuesday.

A judging panel at the Civil Affairs Division of the Seoul District Court, handing out its final ruling on an action for damages filed by the "victims" of the Dec. 12 incident against former President Chon Tu-hwan and the government, said, "then-Gen. Chon Tu-hwan, then-chief of the Military Joint Investigation Headquarters, devised a military rebellion through an elaborate plan in order to remove then-Army Chief of Staff Gen. Chong Sung-hwa by framing him up as a suspect related to the Oct. 26 assassination of President Pak Chong-hui and grasp the control over the military."

Chon has insisted that the Dec. 12 incident was simply an accidental clash which happened in the process of taking Chong to investigation headquarters.

The court, however, dismissed claims for damages made by two victims of the Dec. 12 incident — former Maj. Gen. Ha So-kon, deputy chief of staff for operations in the army headquarters at the time of the incident, and his former aide Lt. Col. Kim Kwang-hae, Ret.

On Dec. 13, 1979, Ha was shot by Chon's soldiers who rushed to the Capital Garrison Command to arrest Gen. Chang Tae-wan, who was resisting Chon and his followers.

Ha and Kim filed last February a suit demanding compensation from Chon and the state for the physical and mental damage they suffered from "the coup d'etat engineered by Chon and other politically- oriented soldiers."

"Although Chon is responsible for compensation of damages the plantiffs have demanded, the limitation of action has already expired," the court ruled.

In accordance with the law, such demands should be made within 10 years from the point in time the plantiffs realized the illegality of the action.

'About 10' Players in Coup Banned From Leaving

SK1312105695 Seoul YONHAP in English
1051 GMT 13 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 13 (YONHAP) — The prosecution on Wednesday banned about 10 close aides of former President Chon Tu-hwan from leaving the country in connection with the on-going probe into the Dec. 12 and Aug. 18 incidents.

A prosecution source said the investigation of individual people involved in the two incidents has entered a final stage, thus hinting that the exit ban heralds the imminency of legal actions to be taken against them.

The prosecution did not make public of the list of those banned from leaving.

But, the source said they comprise mostly former key staffs of the Defense Security Command then headed by Maj. Gen. Chon Tu-hwan, accused coup mastermind, and those who attended the Kyongbok Palace meeting in support of Chon during the crucial hours of Dec. 12, 1979.

The persons kept from going abroad include former Deputy Defense Minister for Logistics Yu hak-song, Capital Corps commander Cha Kyu- hon, 1st Corps commander Hwang Yong-si, 20th Division commander Pak Chun-pyong, 30th Security Group commander Chang Se-tong, Joint Investigation Headquarters Division chief Yi Hak-pong, and Security Command staffs Ho Hwa-pyong and Ho Sam-su, according to the source.

Prosecution To Summon Choe 'as Witness'

SK1312030195 Seoul YONHAP in English
0140 GMT 13 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 13 (YONHAP) — The prosecution has decided to adopt former President Choe Kyu-ha as a witness in the trial of the 1979 military coup and the 1980 Kwangju massacre, a prosecution source said Wednesday.

The decision was made in the wake of Choe's refusal to answer any questions about the two incidents which occurred while he was in office, the source said. Two prosecutors visited Choe's residence at his residence in western Seoul Tuesday afternoon in their effort to hear witness from him but could not proceed with the questioning because of the former president's refusal.

"As Choe has virtually refused the prosecution's probe at his own house, we have no other way but to take judicial proceedings," said the official at the Seoul District Prosecutor's Office, indicating that the prosecution may ask Choe to take the witness stand in court witness prior to the opening of trials on the masterminds of those incidents.

Under law, the prosecution is allowed to have a witness testify in court even before formal court trials begin with a view to securing essential witness accounts needed for indictment.

If Choe again refuses to comply with the prosecution's request for his appearance in court, the source said, prosecutors will use "forcible" ways to have him present himself for questioning.

In declining to be interrogated by the prosecution Tuesday afternoon, Choe argued that the development of both incidents were directly related to state affairs he was performing as head of state at the time, and that any testimony by a former president about the events would create a "bad precedent."

Prosecution's Efforts on Testimony Reviewed

SK1312051695 Seoul THE KOREA HERALD in English 13 Dec 95 pp 1, 5

[By staff reporter Yi Sung-yol]

[FBIS Transcribed Text] Prosecutors yesterday failed to procure testimony of former President Choe Kyu-ha on the 1979 military mutiny though they visited Choe's private house in Seoul to interrogate him.

A three-member prosecution team who visited Choe's house at Sogyo-tong in Seoul requested for 70 minutes that Choe speak out, but Choe refused to submit himself to prosecution questioning on what happened during his presidential term from October 1979 to August 1980.

Choe has repeatedly rejected the prosecution's request to reveal what he knows about the military rebellion and other incidents masterminded by then Maj. Gen. Chon Tu-hwan.

"It is Choe's firm resolve not to submit to prosecution questioning, as he was afraid it may set a bad precedent for a former President," one of Choe's aides said.

Prosecutors said they need Choe's testimony especially on whether Chon and his cronies pressured him to okay the arrest of the top Army general and whether they coerced him to step down in August the next year. Choe, the figurehead President who succeeded the assassinated President Pak, resigned Aug. 6, 1980, contrary to popular expectation that he would remain in the office till early 1981 as he had hinted. Three weeks after Choe stepped down, Chon was named new president by an electoral college.

Despite Choe's refusal to testify on history, prosecutors, poised to indict ex-President Chon Tu-hwan for masterminding the 1979 military mutiny, called in Chang Se-tong, one of Chon's closest confidants, for questioning on his role in the military insurrection.

In a last-ditch investigation of the military revolt that happened 16 years ago, prosecutors summoned three others for questioning, while a team of prosecutors visited former President Choe Kyu-ha at his house to obtain his testimony on what he knows of the mutiny and other rebellious incidents Chon masterminded.

Prosecutors grilled Chang as to whether Chon and his cronies had actually planned the arrest of then Army Chief of Staff Gen. Chong Sung-hwa on the night of Dec. 12, 1979.

Chang, who served as chief of the Presidential Security Service and director of the Agency for National Security Planning under Chon's government, was also questioned on whether the rebel officers exercised any pressure when seeking presidential approval for their arrest of the top Army general who was concurrently the martial law commander.

Prosecutors have since last week called in and asked similar questions of about 30 retired Army generals who supported Chon in the military mutiny.

At Chon's order, Chang, who was then a colonel and chief of the 30th Military Police Unit guarding the presidential mansion, called 10 other pro-Chon generals and colonels to gather at his office within the premises of Kyongbok Palace in Seoul on the evening of the military insurrection.

There, the 12 rebel Army officers decided to move their troops to Seoul to counter a possible offensive by the loyal Forces, while sending a company of rebellious military police troops to the official residence of the Army chief of staff to whisk him away.

Chang was also grilled on the suspicion that he may have been involved in collecting and managing Chon's slush fund amounting to hundreds of millions of dollars during Chon's presidential term 1980-1988.

Chang, when appearing at the Seoul District Prosecutor's Office yesterday morning, claimed that the arrest of then Army Chief of Staff Chong was justified.

In a prepared statement, Chang condemned what he described as the "opportunistic and irresponsible behavior the top Army general showed toward Kim Chae-kyu, the assassin of President Pak Chong-hui."

Chon's rebel forces arrested and indicted top Army general Chong only because he was within the premises of the presidential mansion at the time of Pak's assassination on the night of Oct. 26, 1979. Gen. Chong was invited to a dinner by Kim. But after hearing sounds of gunfire, Chong, without knowing what happened, came out of Chongwadae along with Kim, who was the chief of the Korea Central Intelligence Agency (KCIA). They went to the Army Headquarters in Yongsan, Seoul.

Late that night, Gen. Chong, belatedly informed that Kim was the assassin, ordered Maj. Gen, Chon, then commander of the powerful Defense Security Command (DSC), to arrest Kim.

After the military mutiny, Gen. Chong was demoted to a private second class and sentenced to a 10-year prison term for aiding and abetting treason, while KCIA chief Kim was executed.

Chong was summoned again yesterday for testimony about the exact situation on his arrest.

Prosecutors also called in Paek Tong-nim, then a colonel of Chon's DSC who had interrogated Gen. Chong at a secret DSC cell, and Chong Tong-yol, a secretary of ex-President Choe.

Prosecutors said they suspected that after their arrest of the Army Chief of Staff Gen. Chong, Chon and his cronies established a scheme to seize power.

"So we view the series of incidents starting from the 1979 military mutiny to Choe's resignation in August 1980 were procedures of a phased coup d'etat," a prosecutor said.

Prosecutors have said they considered indicting Chon, who was arrested and jailed Dec. 3, and about 10 of his cronies on charges of military mutiny and treason by Dec. 22.

Graft may be added to the list of charges against Chon, as prosecutors simultaneously carry out an investigation of Chon's slush fund he is suspected of having amassed while in office.

Prosecution sources said they suspected Chon in 1987 gave No Tae- u, then the presidential candidate of the ruling party, hundreds of billions of won for No's campaign, out of the huge slush fund he had amassed.

The sources said their suspicion was based on the testimony of a score of business tycoons prosecutors recently questioned secretly at various Seoul hotels.

In tandem with the investigation of Chon's mutiny and slush fund, other prosecutors at the Prosecutor-General's Office continue investigations into the slush fund of No, who was indicted Dec. 5 on graft charges. Military mutiny may be added to No's charges.

Prosecutors in charge of Chon and his cronies said they would continue to summon Chon's cronies and others involved in the martial law troops' bloody suppression of the 1980 civil uprising in Kwangju May 18-27. During the ten-day clash, more than 200 were killed and more than 1,000 wounded.

Former Presidential Aide Arrested for Graft

SK1312105295 Seoul YONHAP in English
1047 GMT 13 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 13 (YONHAP) — The prosecution on Wednesday afternoon put under arrest Kim Chong-hwi, former senior presidential secretary for foreign policy and national security under the No Tae-u administration, on charges of graft.

Kim, who has just returned home from his long escape to the United States, is charged with receiving 130 million won in bribes in connection with the Yulgok arms procurement project.

The amount includes 80 million won he allegedly received from the Korea office of the AEA Co. of the United States which acted as broker in Korea's purchase of mid-size transport planes, and 50 million won from Daewoo Chairman Kim U-chung who wanted to obtain a contract for the supply of parts of P-3C anti-submarine aircraft.

With regard to the controversial change of the model of the Korean Air Force's next-generation fighter planes, Kim contended the change was ordered by President No Tae-u but said he didn't know anything about rebate related to the change of model.

Kim also insisted he knew nothing about the reported delivery of information his Chongwadae [presidential offices] office compiled to General Dynamics Corp. of the United States because, he said, the matter fell on the duty of one of his staffs, a certain Mr. Chong who drowned in the Sohae ferry incident.

Party Denies Kim Tae-chung Got Money From Chon

SK1312113295 Seoul YONHAP in English
1124 GMT 13 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 13 (YONHAP) — The opposition National Congress for New Politics (NCNP) on Wednesday denied as "complete fabrication" the Japanese magazine report that Kim Tae-chung received more than 1 million dollars from the then President Chon Tu-hwan during his exile in the United States.

The Japanese monthly "ZENBO" claimed in its January issue that when the Kim couple left for the U.S. in late 1982, Chon's wife handed 200,000 dollars to Mrs. Yi Hui-ho, Kim's wife.

It also said that the Seoul government paid 20,000 dollars in living expenses to Kim Tae-chung every month throughout his exile in the United States.

"I can say that not a penny was received by Mr. Kim Tae-chung from Chon's side when they left for the United States," NCNP Spokesman Pak Chi-won said.

Pak said that as soon as a copy of the magazine is available, his party would consider taking a legal action against the magazine.

The "ZENBO" also asserted that Kim Tae-chung's receipt of money from Chon Tu-hwan was confirmed by former Deputy Prime Minister Han Wan-sang through consul general in New York Kim Se-won who it said is a college alumnus of Han's.

Han Wan-sang also denied the "ZENBO" allegation, calling it a "comic-like senseless story." "What the magazine claimed in the story is completely not true," Han said, adding that Kim Se-won is not his alumnus, either.

Kim Tae-chung Stresses Army Neutrality

SK1312034495 Seoul SEOUL SINMUN in Korean 12 Dec 95 p 5

[From the column "Promenade in the Political Street"]

[FBIS Translated Text] Kim Tae-chung, president of the National Congress for New Politics, visited an Army unit in the west front on 11 December. Encouraging the officers and men, Kim said: "Our Army should keep political neutrality in order to recover the honor disgraced by Chon Tu-hwan and No Tae-u."

Kim Tae-chung received a report on the unit from Division Commander Yim Chang-kyu. Kim stressed the importance of national defense, saying: "National security is important to both ruling and opposition circles," and commented: "The security posture is even more important when the political situation is in turmoil."

Article Discusses Board's Power, Influence

952C0180A Seoul WIN in Korean Sep 95 pp 125-133

[Article by CHUNGANG ILBO reporter Yang Chae-chan: "The Board of Finance and Economy (BFE) — a Powerhouse in Control of the ROK Economy, Wielding Powers Over the Budget, Tax, and Finance"]

[FBIS Translated Excerpt] Government building complex II is located at 1 Chungang-tong, Kwachon City, Kyonggi Province. The complex consists of five wings. The BFE is housed in the tallest of them. The building is not just tall; it has eight stories against seven for the others.

The BFE had usual visitors one day in middle of last month when the board was busy preparing the fiscal 1996 budget. The visitors were new municipal mayors and provincial governors elected in the recent local elections. They visited the Budget Office in particular to see whether they could bring some government projects to their own constituencies and get as much funds allocated for their own local governments as possible. By contrast, when they were told to report to the Ministry of Home Affairs, the summons ruffled their feathers, feeling the ministry should not be so arrogant as to dictate to the elected heads of local governments.

These visitors felt it desirable to be in good grace with the BFE Budget Office. Each of the visiting heads of local governments tried to be congenial and appealed for as large an allocation of money as possible for their local government budgets just as they tried to garner as many votes as possible during the election. [passage omitted]

This is indicative of the real "power" of the Budget Office, which controls the coffers of the government. The power of the Budget Office is only part of the overall powers of the BFE. While other ministries wish that they "would each have just one power," the BFE has three powers, namely, powers over the budget, tax, and fiance.

Since the merger of the economic ministries was carried out late last year, the BFE has become all the more powerful. In the last government restructuring, the Budget Office of the Economic Planning Board [EPB] and the Tax and Finance Bureaus of the Ministry of Finance [MOF] were integrated into the newly established BFE. Each ministry now has to contact the BFE Financial Policy Office when it needs financial support, the Tax Office when it needs measures to reduce or exempt taxes, and the Budget Office when it needs budgetary allocations. This is to say that all government agencies must be in good grace with these three offices to get things done. Not only other ministries of the central government but also local governments cannot get things done unless they go through each of these "three power centers." That is why everybody feels self-conscious about visiting the BFE because it has such an awesome power.

The BFE draws up and executes economic and social development plans, manages state-owned properties, and takes charge of the government's financial accounting. It also controls prices and adjusts the government's international economic policies. No wonder, the BFE is nicknamed "the super ministry" or "the dinosaur."

The BFE has an enormous power. Even from a supervisory point of view, the work load of the BFE far exceeds the norm. That is why Hong Chae- hyong, deputy prime minister and minister of the BFE, is always busy.

Hong Chae-hyong early on built up his career in the now defunct MOF. There he consecutively served as chief of the Customs Bureau, chief of the International Finance Bureau, first assistance minister, and Planning and Management officer before he was transferred to the National Tax Administration as its administrator. Subsequently, he served first as the president of the Export-Import Bank and then as the president of Korea Exchange Bank before returning to the MOF as its minister when the Kim Yong-sam administration was installed.

It was last October that Hong Chae-hyong was promoted to the post of deputy prime minister and concurrently EPB minister. He became the BFE minister when the government reorganization was carried out. He is one of those rare cabinet members who have continuously maintained their ministerial posts in the civilian government since its inauguration. He is most likely to retain his position in the cabinet until the term of President Kim Yong-sam expires.

Fortune rather smiled on Deputy Prime Minister Hong. Formerly, he headed two banks. Since he became EPB minister, our national economy has gotten out of the doldrums, although the recovery was spurred mainly by the strong yen. He took the lead in initiating the system of using real names in both financial and real estate transactions. His predecessors failed to adopt a similar system in either one of these two sectors. He is always quiet. He appears to be soft in temperament, but they say he has guts. Despite his surface calm, he became edgy when Chongwadae officials were not happy about the way his ministry was handling the ROK-U.S. trade friction.

President Kim Yong-sam has so much trust in him that when the president presented a letter of appointment to a new minister, he reportedly told him, "I hope you will do as well as the MOF minister (Hong Chae-hyong) is doing."

However, there is a rumor that Hong Chae-hyong's influence has declined since Han I-hon took the reins of the Office of Economic Affairs of the Executive Office of the President. According to the rumor, the pace of decline has quickened since Yi Sok-chae became his vice minister when the EPB was merged into the BFE. An odd speculation about what they call "the ratio of 6:3:1" is afloat among official circles in Kwachon. The numbers in the ratio mean that Deputy Minister Hong's influence is 1 as against 6 for Han I-hyon, presidential senior secretary for economic affairs, and 3 for Vice Minister Yi Sok-chae.

At some time after the 27 June local elections, Deputy Prime Minister Hong's relations with the DLP were strained. He was irritated when the DLP came out with a proposal to modify the system of using real names in financial and real estate transactions, the system which the deputy prime minister proudly calls the hallmark of the present administration and himself. But Hong stuck to his position that the framework of the real-name system should be maintained.

BFE Minister Hong often meets with his old classmates at the Seoul University [SU] College of Commerce. Particularly, Yi Sang-chol, president of the Korea Federation of Banks, who is his old classmate at Chongju High School and the SU College of Commerce. Other friends whom he meets frequently include: Yi Yong-song, former director of the Office of Bank Supervision and Examination; Kim Yong-sok, chairman of Soun Finance Corporation and former president of Seoul Trust Bank; Kim Yon-cho, chairman of Foreign Exchange & Credit Card Company and former managing director of Korea Exchange Bank; Kim Pong-kyu, president of the Korea Leasing Co. and former assistant president of Industrial Bank of Korea; Yim Tong-sung, president of Samsung Securities. All of them are his old classmates at the SU College of Commerce.

Besides, he is intimate with Ho Chun, chairman of Daewoo Securities and former president of Korea Exchange Bank. He is also very intimate with former MOF Minister Yi Yong-man. He occasionally attends meetings of Hyangsanghoe [Society for Improvement]—a group of SU College of Commerce graduates, high-ranking incumbent government officials, and journalists—and of Sangsonghoe, a taegwondo group in the SU College of Commerce.

Deputy Prime Minister Hong is a native of Chongju, North Chungchong Province. That is may be the reason why this spring he found time to visit Chungbuk University to deliver a speech. The speech, said some critics, was delivered with an eye to the impending local elections. An Pyong-u, director of the Planning and Management Office, is one of the high-ranking BFE officials who graduated from Chongju High School. With the establishment of the BFE, the role of the director of the Planning and Management Office has been expanded. In addition to his original duties, such as taking charge of budget planning, administrative management, legal affairs, he is now also in charge of the Treasury Bureau and the Consumer Bureau (the former Price Policy Bureau).

There are quite many graduates of Kyonggi High School (commonly known as K1) and Kyongbok High School (commonly known as K2) in the BEF. Of the 64 section chiefs (including Grade-III officers [puisagwan] holding more than one position) in the BFE, 17 are Kyonggi High School graduates, followed by Kyongbok High School and Pusan High School graduates with four each.

Those who graduated from both Kyonggi High School and the SU College of Commerce number eight among 64 section chiefs. Those who graduated from Kyonggi High School and the SU Law School number six. The number of Kyongbok High School graduates among the 64 section chiefs is small, but they are reputedly persons to be reckoned with. Vice Minister Yi Sok-chae is their godfather.

Yi Sok-chae visited Beijing as head of the ROK delegation to the North- South rice talks. He is meticulous and straightforward in character. He says whatever he has to say. He became the talk of the town when addressing a meeting sponsored by the Ministry of Trade and Industry [MITI] as a guest speaker, he said, "the MITI is not doing as well as the Ministry of Agriculture, Forestry, and Fisheries [MAFF]."

BFE Vice Minister Yi Sok-chae made a smooth sailing in his career particularly under the Fifth Republic. He was then President Chon Tu- hwan's trusted secretary for economic affairs. He served as a member of the Chongwadae staff for 8 years from 1984 through 1992.

Yi worked at Korea Development Institute (KDI) for 1 year in the early stage of the Sixth Republic. Under the No Tae-u administration, he was the deputy director of the Regional Balanced Development Planing Group and the Social Overhead Capital (SOC) Investment Planning Group.

He served as director of the Budget Office for 2 years from 1992. He merged the pension funds and created the Public Finance Management Fund. He eliminated the special account for judicial facilities, which used to automatically suck in 60 percents of the fines and confiscated money. He replaced the gasoline and light oil taxes by the special excise tax.

He pushed ahead with "administration reform" very hard as if he were executing a combat plan in the words of some critics. Naturally, he roused the grudges and ire of other ministries. There is an anecdote: One day on his way back from a meeting in Inchon, his car started acting funny, so he checked and found out that some of the bolts on the wheels of his car came loose. He became suspicious, but it was, of course, a sheer accident.

In his opinion, the Financial Planning Office is not going far enough to deregulate financial transactions. He has a strong rightist leaning. He gets along well with Han I-hon, presidential senior secretary for economic affairs. The two passed the same higher civil service examination and worked together at the Chongwadae Secretariat under the Fifth Republic. He is in sync with MITI Vice Minister Pak Un-so. Yi Sok-chae earned a Ph.D. in economics at Boston University when he was a Grade-V officer [samugwan] at the EPB. He calls himself an unselfish person. He speaks logically and eloquently. That might have been the reason why he was chosen as the senior delegate to the North-South rice talks. [passage omitted]

Yi Sok-chae is in frequent contact with university professors. He is particularly intimate with Choe Kwang, professor at the University of Foreign Studies and director of the Tax Research Institute. He often meets with Kwak Tae-won, Sogang University Professor, and Chong Chin- sung, director of the Environmental Policy Office, Ministry of Environment, (former director of the Environmental Technology Development Institute).

The fame of the MOF stemmed from the fact that it was the center for monetary and financial policies. The MOF Finance Bureau was very powerful. Anyone aiming at a Grade I or ministerial or vice ministerial post must go through the directorship of this bureau. Integrated in the Financial Policy Office of the new BFE are all branches related to financial affairs, such as the Finance Bureau, the Securities Bureau, the Insurance Bureau, and the International Finance Bureau.

The Financial Policy Office, as its name suggests, handles financial policies. It controls the both branches of finance, namely, banking on the one hand and insurance and investment finance on the other. The recent stream of financial polices originated in this office—measures such the relaxation of regulatory controls over banking and the securities business, the reorganization of the financial and securities industry, the holding of public hearings on the bill on the money lending business, the increase in auto insurance premiums, and the three-stage interest rate liberalization package.

When there is a bank trouble like the one involving Chungbuk Mutual Credit Company, the Financial Policy Office handles the case.

The head of the Financial Policy Office is Kim Yong-sop. He is said to be a colorless and placid person. According to some observers, he is a person whose mind is unreadable. Being a native of Pusan and a graduate of Pusan High School, he is said to have a "favorable background." Inside the Financial Policy Office, those who hail from the Pusan-Kyongnam area are influential. Yun Chung-hyon, councillor [simuigwan] for overall financial affairs, (the position corresponds to that of the former Finance Bureau director), is a native of Masan, South Kyongsang Province, though he graduated from Seoul High School. The chief of the Financial Policy Planning Section, a senior post among section chiefs of the bureau, is Sin Tong-kyu, a graduate of Kyongnam High School. Financial Systems Officer Chin Pyong-hwa and Securities Affairs Officer Chang Su-man are graduates of Kyongnam High School. Kum Chong-yon, financial cooperation officer, is a graduate of Pusan High School.

List of BFE officials With the Rank of Section Chief or Above

Name	Position	Age	Chronological Order of Higher Civil Service Exam Passed	High School Attended	College Attended	Previous Position
Hong Chae-hyong	deputy prime minister & BFE minister	57	special appointment	Chongju	SU Business Administration Department	EPB minister (F)
Yi Sok-chae	Vice minister	50	7th	Kyongbuk	SU College of Commerce	MAFF vice minister (E)
Chang Sung-u	first assistant minister	47	7th	Kyonggi	SU College of Commerce	expert advisor to National Assembly [NA] Budget & Accounts Committee (E)
Sin Myong-ho	second assistant minister	51	6th	Kyonggi	SU Law School	MOF second assistant minister (F)
An Pyong-u	Director, Planning & Management Office	48	8th	Chongju	SU Law School	EPB assistant minister (E)
Yi Yong-tak	director, Budget Office	48	7th	Taegu Commercial	SU College of Commerce	MOF budget director (E)
Kang Man-su	director, Tax Systems Office	50	8th	Kyongnam	SU Law School	director, Tax Systems Office (F)
Kim Yong-sop	director, Financial Policy Office	47	7th	Pusan	SU College of Commerce	expert advisor to NA Finance Committee (F)
Om Nak-yong	chief, Office of National Tax Judgement	47	8th	Kyonggi	SU Government Administration Dept	director, Office of National Tax Judgement(F)
Pyon Hyong	Dean, Tax College	54	8th	Kwangju	SU English Literature Dept	auditor (F)
An Pyong-yop	chief, Secretariat	50	11th	Taegyong	Koryo University Political Science & Foreign Relations Dept	Budget councilor II (E)
Yi Chong-song	public information officer	50	10th	Kimchon	SU Economics Dept	tax judge (E)

Name	Position	Age	Chronological Order of Higher Civil Service Exam Passed	High School Attended	College Attended	Previous Position
Kim Kwang-nim	auditor	47	14th	Andong Agricultural	Yongnam University Economics Dept	presidential secretary (E)
Cho Tae-mu	emergency planning officer	55	special appointment	Kyongbok	Military Academy (19th class)	emergency planning officer (F)
Chong Tong-su	councilor for overall budget	50	11th	Seoul	SU College of Commerce	director, Economic Cooperation Bureau (F)
Yun Yong-tae	councilor I for budget	49	12th	National Communications	Koryo University Social Sciences Dept	councillor II for budget (E)
Pyon Yang-kyun	councillor II for budget	46	14th	Pusan	Koryo University Economics Dept	councillor I for budget (E)
Chang Sok-chun	councillor III for budget	50	14th	Chongju	SU Social Science Dept	presidential secretary (E)
Namgung Hun	councillor I for tax systems	48	10th	Kyonggi	SU Law School	councillor for tax systems (F)
Yi Kun-kyong	councillor II for tax systems	45	14th	Kyonggi Commercial	SU Economics Dept	director, FTC Trade Practices Bureau (E)
Han Taek-su	councillor for customs	45	11th	Seoul	SU Business Administration Dept	public information officer (F)
Yun Chung-hyon	councillor for overall financial affairs	49	10th	Seoul	SU Law School	chief, Financial Bureau (F)
Yi Yun-chae	councillor I for financial affairs	45	11th	Kyonggi	SU Law School	chief secretary (E)
Yon Won-yong	Councillor II for financial affairs	47	12d	Kyonggi	SU Business Administration Dept	councillor for tax systems (F)
Maeng Chong-chu	director, Treasury Bureau	48	10th	Kyonggi	SU Economics Dept	director, Policy Coordination Bureau (E)
Choe Chong-chan	director, Economic Policy Bureau	45	10th	Kyongbok	SU International Trade Dept	director, Economic Planning Bureau (E)
Chong Tok-ku	director, International Economic Affairs Bureau	47	10th	Paejae	Koryo University College of Commerce	director, International Finance Bureau (F)
Kim Chin-pyo	councillor for economic cooperation	48	13th	Kyongbok	SU Law School	assigned to KDI(F)

Name	Position	Age	Chronological Order of Higher Civil Service Exam Passed	High School Attended	College Attended	Previous Position
Kim Ho-sik	director, Consumer Bureau	46	11th	Seoul	SU International Trade Dept	director, International Economic Affairs Bureau (E)
Pae Chol-ho*	chief, General Affairs Section	47	16th	Kyongbok	SU Business Administration Dept	chief, Overall Budget administration Section (E)
Kim Kyong-ho	secretary to the minister	42	21st	Kyonggi	SU Government Administration Dept	served in ADB (F)
Yi Kong-chae	public information officer	48	14th	Taejon	Songgyunkwan University Economics Dept	chief, Government Properties Section (F)
Yi Sang-hun	auditor	53	special promotion	Taegu Commercial	Tankuk University Political Science & Foreign Relations Dept	chief, Distribution Coordination Section (E)
Min Wan-ki	emergency planning officer	52	special promotion	Pusan	Military Academy	dispatched to KDI (E)
Chin Il-song*	planning & budget officer	52	special promotion	Kochang Agricultural	Yonsei University graduate school	Judicial and administration budget officer (E)
Yi Man-sop	administrative management officer	41	19th	Taegwang	Songgyunkwan University Law School	administrative management officer (E)
O Chong-nam	legal affairs officer	43	17th	Kwangju	SU Law School	legal affairs officer (E)
Pak Pyong-won	chief, Budget Policy Section	43	17th	Kyonggi	SU Law School	chief, Policy Planning Section (E)
Yun Tae-hui	chief, Financial Planning Section	46	17th	Chemulpo	SU Business Administration Dept	education & cultural affairs budget officer (E)
Yu Tok-sang	chief, Budget Standards Section (E)	45	18	Chongju	SU History Dept	chief, Budget Standards Section (E)
So Tok-mo	chief, Budget Standards Section	41	21st	Kyonggi	SU Law School	secretary to minister (E)
Sin Chol-sik	chief, Investment Agencies Administration Section	52	22d	Kyonggi	SU Economics Dept	chief, Fund Administration Section (E)

Name	Position	Age	Chronological Order of Higher Civil Service Exam Passed	High School Attended	College Attended	Previous Position
Kim Chon-su	defense budget officer I	51	special appointment	Hapchon Agricultural	Kukche University Economics Dept	chief, FTC Investigation Section II (E)
Kim Chang-su	defense budget officer II	45	13d	Pusan	Koryo University Economics Dept	chief, Securities Affairs Section (F)
Kim Chun-sok	emergency administration budget officer	43	14th	Chemulpo	SU Social Science Dept	presidential secretary (E)
Chang Pyong-wan	agricultural, forestry, fisheries budget officer	45	17th	Kwangju First	SU International Trade Dept	chief, Budget Management Section (E)
Kim Yong-tok	trade & science budget officer	46	15th	Yongsan	Koryo University Business Administration Dept	chief, International Organizations Section (F)
Kim Song-chin	social overhead capital [SOC] budge officer I	47	15th	Pusan	SU Economics Dept	transportation & communications budget officer (E)
Kim Chu-yong	SOC budget officer II	46	16th	Yonggwang	Koryo University (sinbang) [meaning unknown]	construction & environment budge officer (E)
Kwon Tae-sin	education & cultural affairs budget officer	44	19th	Kyongbuk	SU Economics Dept	education & cultural affairs budget officer (F)
Kang Chong-yong	welfare & labor budget officer	44	17th	Tongnae	Songgyungwan University Economics Dept	judicial affairs officer (F)
Choe Kyong-su*	chief, Property Tax System Section	45	14th	Kyongbuk	SU College of Liberal Arts & Sciences	chief, Property Tax System Section (F)
Paek Sung-ki	chief, Tax Policy Section	49	16th	Huimun	SU College of Liberal Arts & Sciences	chief, Real-Name Real Estate Transaction Enforcement Section (F)
Kim Yong-min	chief, Income Tax System Section	43	17th	Musan	SU Economics Dept	chief, Basic Laws & Regulations Section (F)
Kim Yong-yong	chief, Corporate Tax System Section	45	15th	Kwangju	Koryo University Business Administration Dept	chief, Corporate Tax System Section (F)
Han Chong-ki	chief, Property Tax System Section	46	14th	Taejon	SU College of Commerce	chief, Income Tax System Section (F)

Name	Position	Age	Chronological Order of Higher Civil Service Exam Passed	High School Attended	College Attended	Previous Position
Kim (tan-il) [indistinct]	chief, Excise Tax System Section,	44	16th	Sunchon	SU Economics Dept	chief, Basic Laws & Regulations Section (E)
Chang Tae-pyong	chief, International Tax Systems Section	46	20th	Kyonggi	SU Social Science Dept	chief, Consumer Policy Section (E)
Sim Tal-sop	chief, Customs Systems Section	45	13d	Kyonggi	SU Business Administration Dept	chief, Industrial Customs Section (F)
Pak Yong-man	chief, Industrial Customs Section	46	14th	Chonju	SU Business Administration Dept	chief, Excise Tax System Section (F)
Pyong Chae-chin	chief, Customs Cooperation Section	42	16th	Kyongbok	SU Economics Dept	worked on overseas assignment (E)
Sin Tong-kyu*	chief, Financial Policy Section	44	14th	Kyongnam	SU Dept Economics of	chief, Capital Market Section (F)
Chin Yong-uk	chief, Capital Market Section	44	16th	Kyonggi	SU Economics Dept	chief, Securities Issuance Section (F)
Yi Chong-ku	chief, Foreign Exchange Fund Section	45	17th	Kyonggi	SU Economics Dept	chief, International Finance Section (F)
Yi Chong-kap	chief, Citizens Savings Section	41	20th	Kyongbuk	SU Law School	chief, Budget Management Dept Section (E)
Chin Pyong-hwa	financial systems officer	47	13d	Kyongnam	SU Business Administration Dept	chief, Foreign Capital Policy Section (F)
Nam Sang-tok	industrial funds officer	44	16th	Kyonggi	SU Economics Dept	chief, Industrial Economic Section (F)
So Tong-won	small business funds officer	43	15th	Kyonggi	SU Law School	defense budget officer II (E)
Kang Kwon-sok	insurance systems officer	45	14th	Tosong	Yonsei University Law School	chief, Life Insurance Section (F)
Kim Pyong-ki	international finance officer	45	16th	Kyongbok	SU Philosophy Dept	chief, Regional Economies Section (F)
Kum Chong-yon	financial cooperation officer	41	20th	Pusan	Koryo University Law School	chief, Financial Cooperation Section (F)
Kim Kyu-pok	securities systems officer	44	15th	Kyonggi	SU Law School	secretary to the minister (F)

Name	Position	Age	Chronological Order of Higher Civil Service Exam Passed	High School Attended	College Attended	Previous Position
Chang Su-man	securities affairs officer	45	15th	Kyongnam	Koryo University Economics Dept	chief, Coordination Section II (E)
Hong Chong-chol*	chief, Treasury Section	49	13d	Kimchon	SU Foreign Relations Dept	chief, Treasury Section (F)
Pak Kil-ho	chief, Government Properties Section	48	15th	Taejon	Koryo University Business Administration Dept	chief, FTC Monopoly Policy Section (E)
Kim Yu-song	chief, Fiscal Loans & Investment Section	53	special promotion	Andong	Songgyungwan University Law School	chief, Damage Insurance Section (F)
Kang Kun-saeng*	chief, Overall Accounts Administration Section	53	special promotion	Sachon Agricultural	Konguk University Economics Dept	judicial affairs and administrative budget officer (E)
Han Song-taek*	chief, Overall Policy Section	44	16th	Kyonggi	SU Law School	chief, Overall Policy Section (E)
Yi Yong-kun	chief, Economic Survey Section	42	17th	Yongsan	Koryo University Law School	chief, Funds Section (E)
Pyon Yang-ho	chief, industrial economy Section	41	19th	Kyonggi	SU International Trade Dept	chief, Citizens Savings Section (F)
Yi U-chol	chief, Manpower & Technology Section	47	18th	Kyonggi	SU Law School	chief, Overall Accounts Administration Section (F)
Yi Tu-ho	chief, Regional Economies Section	51	special appointment	Hongsong	Military Academy	finance officer stationed in Saudi Arabia) (F)
Pak Sang-tae*	chief, Overall International Economic Policy Section	44	13th	Kimchon	Hanyang University Law School	chief, Customs System Section (F)
O Kap-won	chief, International Economic Affairs Section	47	17th	Kwangju First	SU College of Agriculture	chief, International Cooperation Section (E)
Pang Yong-mun	chief, Foreigners Investment Section	47	17th	Kyonggi	SU Business Administration Dept	chief, Foreigners' Investment Section (F)
Kang Sok-in	chief, Economic Cooperation Section	49	14th	Sungmun	Yonsei University Government Administration Dept	chief, Economic Cooperation Section (F)

Name	Position	Age	Chronological Order of Higher Civil Service Exam Passed	High School Attended	College Attended	Previous Position
Yang Chon-sik	chief, Regional Cooperation Section	45	16th	Kyonggi	SU Social Welfare Department	International Cooperation Section (E)
Chong Chi-taek*	chief, Price Policy Section	45	17th	Kyonggi	SU Business Administration Dept	chief, Price Policy Section (E)
Im Sang-kyu	chief, Consumer Price Section	46	17th	Kwangju First	SU Government Administration Dept	chief, Economic Survey Section (E)
Cho Song-ik	chief, Consumer Policy Section	42	20th	Yongsan	Koryo University Law School	trade, industry & science budget officer (E)
Kim Tae-yu	chief, Distribution Coordination Section	44	18th	Chungdong	SU Dept of International Trade	chief, Consumer Price Section (E)
Kim Chin-yong	chief, Welfare & Livelihood Section	43	14th	Kyongbok	SU Philosophy Dept	chief, Customs Cooperation Section (F)

Footnotes 1. * denotes Grade-III officials [puisagwan] holding more than one position. 2. A special promotion is given when an employee who did not pass a higher civil service examination but has passed the test for promotion. 3. In the "Previous Position" column, (F) denotes the MOF and (E) denotes the EPB.

According to concerned sources, financial administration is controlled through the personal connection linking the following officials: Kim Yong-sop, director of the Financial Planning Office; Yi Chong-chae, FTC standing committee member and MOF Finance Bureau director and Policy Bureau director, who passed the eighth higher civil service examination; Bureau Director Yun Chung-hyon; Yon Won-yong, councillor I for financial affairs; and Han Taek-su, councillor for customs. All of them hold the rank of bureau director or its equivalents. Former MOF officials are widely scattered in the banking, securities, and insurance domains. They are often called the "Mofia," a combination of "MOF", the English acronym of the Ministry of Finance, and "ia" of the word mafia.

To being with, the heads of the three financial supervisory organizations are all former MOF officials. They are: Kim Yong-chin, director of the Office of Bank Supervision and Examination; Paek Won-ku, director of the Securities Supervisory Board; and Yi Su-hyo, director of the Insurance Supervisory Board.

Kim Yong-chin was the man who took the initiative in introducing the real-name financial transaction system. He, a former MOF career officer, is a tax systems expert. He is expected to be the head of the National Tax Administration someday. Yi Su-hyo served as the deputy minister of defense after the new government was installed. He strayed, as it were, from his career course.

There are so many former MOF officials who are or were presidents or vice presidents of banks and other financial organizations. Pak Chong- sok, president of the Korea Housing Bank, was the director of the MOF Planning and Management Office; Mun Hon-sang, president of the Export-Import Bank, was the director of the MOF Planning and Management Office); Yi Yong-song, former director of the Office of Bank Supervision and Examination, was an MOF official; Hong In-ki, executive director of the Securities Exchange, was the director of the MOF Securities and Insurance Bureau; Yi Kun-su, vice chairman of the Securities Supervisory Board, served in the MOF General Affairs Section); Kim Chong-song, vice chairman of the Insurance Supervisory Board, was the chief of the MOF Insurance Policy Section and a judge of the Office of National Tax Judgement, National Tax Administration.

The presidents of the three investment trust banks in Seoul are all former MOF officials. Yi Kun-yong, president of Korea Investment Trust Co. was the director of the Tax Systems Office; Kim Chong-hwan, president of Taehan Investment Trust Co. was the deputy administrator of the National Tax Administration; and Kim Pong-hon, president of Citizens Investment Trust Management Company, was the head of the Office of National Tax Judgement.

When Yi Hyong-ku, former labor minister, was arrested on charges of bribery, Son Pil-yong, president of the Korea Industrial Leasing Co, a subsidiary of the Korea Development Bank, was arrested at the same time. But in a surprise move, Pak Man-su, former MOF official was appointed as successor to Son Pil-yong over the strong protest of the leasing company trade union.

There are organizations which guarantees payment on loans to small and medium-size businesses so that they can borrow money without collaterals. They are the Credit Guarantee Fund and the Technology Credit Guarantee Fund. The chief directors of these two companies are former MOF officials. An Kong-hyok, chief director of the Credit Guarantee Fund, was the first assistant minister of the MOF; and Yi Chol-su, chief director of the Pusan-based Technology Credit Guarantee Fund, was the director of the MOF Planning and Management Office.

These ex-MOF officials form a link connecting the government and the financial world. There is a positive side to this in the sense that able persons are given an opportunity to work again after they leave the government service. However, with the growth of the financial business, their employment in the private business sector is being criticized as "revolving door" appointments. Some critics say that despite its professed efforts for financial deregulation and liberalization, the government is using the practice of revolving door appointment as a means of taking a grip on the financial world.

The Tax Systems Office is a busy place in the BFE. It has come into the limelight since the Kim Yong-sam administration was inaugurated. It has become all the more busier since the system of using real names was introduced in banking and real estate transactions. This office formulates and executes policies on tax-related systems. Just as where there is an income there is a tax, in many cases policies are backed up by tax support or tax benefits. In each election time, tax cuts become an issue, keeping the Tax Systems Office busy.

That was the case during the 27 June elections. The DLP wanted to include an additional cut in the earned income tax in its election pledge. However, the BFE Tax Systems Office objected saying: "because the upper limit of the tax exemption was raised early this year, it is difficult to give an additional income tax cut retroactive to this January." In the end, the opinion of the Tax Systems Office carried the day.

However, on the question of reducing the added value tax on taxis, the BFE made a concession by making the compromise that the value added tax on taxis will be cut by half for a limited period of time until the end of 1997. After the elections were over, the Tax Systems Office ran into trouble once again when the DLP maintained that the system of using real names in financial and real estate transactions should be modified.

Currently under discussion is the proposal that the current automobile tax, a kind of ownership tax [poyuse], be abolished or drastically reduced, and as a compensatory measure, the special exercise tax on gasoline consumption be replaced by a higher mileage tax. The Tax Systems Office also has to work out a tax system restructuring plan for the next fiscal year to submit it to the regular NA session.

Kang Man-su is in control of the Tax Systems Office as its director. A native of Hapchon, South Kyongsang Province, he graduated from Kyongnam High School and the SU Law School. He formerly held the following positions: chief of Indirect Tax Section II; chief of the insurance Section; director of the Finance Bureau; director of the International Finance Bureau; and an expert advisor to the legislature. He is a seasoned government official whose career covered the whole range of the tax and financial fields, the two main business domains of the MOF.

He has been keeping his diaries since his middle school days. He still keeps the student ID's, badges, certificates of merit, and letters exchanged during his school days. He is a scrupulous and yet romantic person. He is an excellent writer and his articles often appear in newspaper columns.

According to interested quarters, the Tax Systems Office is controlled through the personal connection linking the following officials: Kim Yong-chin, director of the Office of Bank Supervision and Examination and former director of the Tax Systems Office; Yi Kun-yong, president of Korea Investment Trust Co. and former director of the Tax Systems Offices; Kang Man-su, present director of the Tax Systems Office; Om Nak-yong, head of the Office of National Tax Judgement; Namgung Hun, councillor I for tax systems; Kim Chin-pyo, councillor for economic cooperation, former judge of the National Tax Judgement, and former councillor for tax systems.

Deployed in the Budget Office, which is busy in summertime compiling the budget, are veteran tax experts such as: Pyong Yang-kyun, councillor II for budget; Kim Yong-chu, chief of the Overall Budget Administration Section; and Pak Pyong-won, chief of the Budge Policy Section, under Director Yi Yong-tak.

Director YI Yong-tak was temporally working at the Chongwadae Secretariat as an officer dispatched from the EPB when he was transferred to the MOF in 1987. In the MOF he gained expertise in financial operations while serving successively as directors of the Securities Bureau, the Economic Cooperation Bureau, and the international Insurance Bureau. He became director of the [EPB] Budget Office when he was transferred from the Chongwadae Secretariat. He excels in writing. His book "Story About the Economy for Citizens" became a best-seller. It is known as an economics book written in plain language. On the other hand, Kim Chong-kuk, a prominent budget expert, is currently working as Chongwadae secretary on a temporary assignment. He, a Grade I officer, was the overall budget councillor at the EPB. He passed the ninth higher civil service examination).

As a result of the government reorganization, what used to be the planning and coordination functions of the EPB have been weakened. The two bureaus and 11 sections of the former EPB have been reduced to one bureau and five sections in the newly established BFE.

Currently, the Economic Policy Bureau is busy working out a new long range economic plan suitable to the age of a per capita national income of $10,000. This bureau is the command post for formulating and executing economic plans. It is also this office that works out measures for using a strong yen to the best advantage as well as manpower supply plans and measures to boost small and medium enterprises. This bureau is controlled through the personal connections linking First Assistant Minister Chang Sung-u; Choe Chong- chan, director of the Economic Policy Bureau; and Han Song-taek, chief of the Overall Policy Section. (Han is a Grade III officer with more than one position). Many Kyonggi High School and SU graduates are deployed in this bureau.

Some critics say: "Only the MOF survives in the BFE, and the EPB just disappeared." Others say: "There is no smooth interagency policy coordination." In order to maintain checks and balances not only with other ministries but also inside the BFE, the Economic Policy Bureau should be able to play the role of "a miniature EPB." It is not enough to let the Economic Policy Bureau present its report at meetings of BFE executives.

The International Economic Bureau is also busy in this age of the World Trade Organization (WTO). For one things, the procedures for clearing imported U.S. agricultural products, such as grapefruit and beef, through the customs has often become a trade issue.

The former BFE had the International Policy Coordination Office to handle trade issues. The office had 15 sections. But these sections have been reduced to only five. When the MOF and the EPB were merged late last year, the number of sections handling trade issues was reduced to three. As a result, officials with the rank of bureau chief are working in the same bureau. They are Chong Tok-ku, director of the International Economic Bureau; Kim Chin-pyo, councillor for economic cooperation; and Bureau Director Hyon Chong-taek (who is an officer dispatched from the Financial Research Institute as a matter of technicality). Sin Myong-ho, second assistant minister, is in charge of the International Economic Bureau.

The Consumer Bureau, which is in charge of price management, has spent the summer with little to worry about because consumer prices have stabilized at a 4 percent level. They say that this bureau is the organization which enjoys the synergic effects of the government restructure most. Reportedly, the directives of this super bureau, which has become all the more powerful since it was merged into the BFE, are being implemented more effectively than they were when the bureau was under the EPB.

One of the most important tasks of the Treasury Bureau for this year is privatizing public corporations. The sales of the stocks of Korea Telecom [Hanguk Tongsin] and the Citizens National Bank, originally scheduled for this year, have been delayed due to the difficulties in the securities market, arousing the concern of the authorities. The post of director of the Treasury Bureau, which formerly belonged to the MOF, is now held by Maeng Chong-chu, an original BFE official. This post is one earmarked for a senior officer.

The employees of the BFE are an elite group. Everyone who passes a higher civil service examination wants to work in the BFE. Among BFE officials, the promotions of those who passed the seventh and 17th higher civil service examinations, respectively, are conspicuous. Particularly so among those who formerly belonged to the EPB.

Han I-hon, presidential senior secretary for economic affairs; BFE Vice Minister Yi Sok-chae; and Yi Ki-ho, vice minister of health and welfare, have been known as "the three musketeers" since they became Grade-V officials among the government officials who passed the seventh civil service examination. They are the old classmates of the SU College of Commerce, passed the same higher civil service examination, and were appointed to the EPB at the same time.

Since they became Grade-V officials, they have competed with each other in earnest on the strength of their quick wit and meticulousness, sometimes getting ahead and at other times falling behind. Han I-hon, a native of Kimhae, South Kyongsang Province, graduated from Kyongnam High School; Yi Sok-chae, a native of Songju, North Kyongsang Province, graduated from Kyongbok High School); and Vice Minister of Heal and Welfare Yi Ki-ho, a native of Mokpo, South Cholla Province, graduated from Kwangju First High School. They drew attention because of their divergent regional and educational backgrounds. Pyo Se-chin, chairman of the FTC, and Yim Chang-yol, head of the Supply Administration, also passed the seventh higher civil service examination.

Half of the total six Grade-1 officers in the BFE passed the seventh higher civil service examination. They are: First Assistant Minister Chang Sung-u, Budget Office Director Yi Yong-tak, and Financial Policy Office Director Kim Yong-sop. Grade-I officers meet at noon once every Saturday to discuss policy issues under Vice Minister Yi Sok-chae. At a glance these meetings give the impression that they are "gatherings of the seventh civil service examination group."

Included in those officials who passed the seventh higher civil service examination and who hold positions directly or indirectly related to the BFE are: Yi Chong-po, deputy administrator of the Customs Administration and former dean of the BFE-run Tax College; Kim Son-ok, director of the Administrative Office of the FTC and former director of the EPB Price Policy Bureau; FTC standing committee members Han Chong- kil (former director of the MOF Treasury Bureau) and Yi Nam-ki (former director of the EPB Performance Evaluation Bureau); and Cho Kon-ho, administrative coordinator III at the Office of the Prime Minister [OPM] and former MOF auditor. Originally, 55 (?passed) the seventh higher civil service examination, a number greater than those of other examination groups. The seventh group has produced more Grade-I officers and vice ministers than the sixth group, its senior. And It may be because the seventh group is so powerful that the eighth examination group has not produced a single vice minister in the economic ministries yet. The seventh group has considerable power in the implementation of the government's economic policy. Who will be the first to become a minister among the front-runners of this group is a matter of interest.

A considerable number of passers of the 17th civil service examination among the officials of the former EPB have distinguished themselves in their careers. In May Kim Yong-chu, chief of the Overall Budget Administration Section, and Chong Chi-taek, chief of the Price Policy Section, were promoted to the rank of Grade-III with more than one post,. In many cases, among passers of the same civil service examination, MOF career officers wishing to join the BFE headquarters have to work at related perimeter agencies in obscurity, unable to find positions in the BFE proper, whereas a greater number of former EPB officials hold positions in the BFE. This arouses the ire of former MOF officials. Some of the former MOF officials belonging to the 13th and 14th civil service examination groups have not yet been promoted to Grade-III with more than one position.

The EPB had the nickname of the economic academy. It produced a number of incumbent ministers and vice ministers. Labor Minister Chin Yom [as published]; Kang Pong-kyun, director of administrative coordination, Office of the Prime Minister; Yi Ki-ho, vice minister of health and welfare, belong to the Honam connection which once was in control of the planning and coordination functions in the EPB. Many of former EPB officials also have positions in the Chongwadae Secretariat, including the post of senior secretary for economic affairs and quite a few secretarial positions under it. They include: Secretary Kim Chong-kuk and Administrator Hyon O-sok in the Office of the Senior Secretary for Economic Affairs; and Administrator Yun Chin-sik in the Office of the Senior Secretary for Financial Affairs. (Hyon O-sok, who holds the rank of bureau director, passed the 14th civil service examination, and formerly served as an EPB Planning Bureau official; and Yun Chin-sik passed the 12th civil service examination and formerly served as director of the MOF Finance Bureau.) BFE Auditor Kim Kwang-nim formerly worked in the Office of the Senior Secretary for Planning and Coordination of the chongwadae Secretariat, in the early period of the present civilian government. He was an assistant to then Presidential Secretary General Pak Kwan-yong. This personal connection, they say, helped Kim Kwang-nim return to the BFE as an auditor.

There is the old EPB connection at work in the Office of the Prime Minister [OPM] also. Yi Ki-ho, former [OPM] administrative coordinator II, was transferred to the Ministry of Health and Welfare as vice minister. Former MOF Auditor Cho Kon-ho is now [OPM] administrative coordinator III. Mun Pyong-hak (Grade II, former director of the EPB Performance Evaluation Bureau) is now working in the [OPM] Office of Administrative Coordinator II as councillor for financial and economic affairs.

Most of the high-ranking officials of the FTC, which was separated from the EPB, are former EPB and MOF officials. Among them are: FTC Vice Chairman Chon Yun-chol, former director of the EPB Planning and Management Office (he passed the fourth higher civil service examination); FTC standing committee members Yi Chong-chae (who passed the eighth civil service examination) and Han Chong-kil—the rank of these two is Grade I. Major FTC bureau directors built up their careers in the EPB. Among them are: Chong Chae-ryong, director of Investigation Bureau II and former EPB spokesman (10th civil service examination group); Kim Yong, director of the Policy Bureau and former director of the EPB Economic Planning Bureau; Yi Chong-hwa, director of the Monopoly Bureau; and Chong Chae-ho, director of the Competition Bureau, (who passed the 11th civil service examination). Most of them are watching for a chance to come back to the BFE.

Four former EPB officials have been chosen as heads of local governments in the recent local elections. Seoul Mayor Cho Sun and Kangwon Provincial Governor Choe Kak-kyu formerly served as deputy prime minister and concurrently EPB minister. Taegu Mayor Mun Hui-kap was the director of the EPB Budget Office and EPB vice minister. Of the 25 ward chiefs in Seoul, two were elected on the DLP ticket. One of them is Kangnam Ward Chief Kwon Mun-yong, a former EPB official.

Affiliated government organizations are also controlled by former EPB and MOF officials. Yim Chang-yol, former MOF first assistant minister, is the head of the Supply Administration. Yi Hang-kyun, former MOF first assistant minister, is the head of the Customs Administration. Yi Kang-u, former EPB official and former FTC standing committee member, is the head of the Statistics Administration, to which the EPB Office of Statistics was upgraded in the last government reorganization. Kim Chu-il, diplomatic minister at the ROK Embassy in Japan, is also a former EPB official.

However, many former EPB and MOF officials with the rank of bureau director are standing by waiting for vacancies. Although they officially hold their positions in research institutes under the BFE, some of them stand by in the BFE because the number of positions is limited.

The soccer club was very active in the MOF whereas in the EPB baseball was popular. This suggests the difference in taste between the personnel of the two ministries. After the merger of the MOF and the EPB, the two clubs recruited members under the new names, the BFE Soccer club and the BFE Baseball Club, respectively.

On 20 July Chaeuhoe (an MOF old boys network) and Kyongwuhoe (an EPB old boys network) were officially merged into Chaekyonghoe. At its inaugural meeting, Nam Tok-u, who separately served as EPB minister and MOF minister before, was elected as Chaekyonghoe chairman. Elected as vice chairmen are: Kim Hung-ki, chairman of Kumho Petrochemical Co. and former MOF vice minister and EPB vice minister; and Ko Pyong-u, chairman of the organization committee for the winter Universiade. Ko formerly served as MOF assistant minister for financial affairs, chief director of the Securities Exchange, and minister of national construction.

Some critics say that since the merger, the BFE has fallen into the routine administrative rut. lacking the initiatives. In other words, it is falling into mannerism. Others say that before they realize, an increasing number of BFE employees are dreaming of having the sweat taste of promotion by taking it easy but getting good grades in performance evaluations. In olden days junior grade officials tried to study planning work in order to have a good grounding. But now many of the BFE employees prefer to work in the Finance Office or the Budget Office. Some of them even volunteer to work in the FTC.

Of the five section chiefs of the Economic Policy Bureau, the core of the former EPB, three are former MOF officials. But only four are from the former MOF among the 15 section chiefs of the Budget Office. Of the 12 section chiefs in the Financial Policy Bureau, the core of the former MOF, only three are from the EPB. That is why critics say there should be a better mix of former MOF and EPB employees in the BFE. By so doing, critics say, deregulation can be carried out more effectively.

In fact, much of the wherewithal for economic planning and execution is concentrated in the BFE. This rouses the jealousy and envy of other economic ministries and agencies. Some critics even say that this is the BFE's own fault. The success of the government reorganization carried out late last year depends on the effectiveness of the economic work of the BFE. The BFE is still being subject to close scrutiny for its performance.

The power of public employees should not stem from their positions. Rather they should earn the respect of the people by performing their work in a rational manner and earn a good evaluation by working hard. [passage omitted]

Burma

PRC's Li Ruihuan, Delegation Depart Rangoon

BK1212132595 Rangoon Radio Myanmar in Burmese 1200 GMT 12 Dec 95

[From the "News in Brief" program]

[FBIS Translated Text] A PRC delegation led by Li Ruihuan, chairman of the National Committee of the Chinese People's Political Consultative Conference, left Yangon [Rangoon] International Airport aboard a special plane at 0840 this morning after visiting Myanmar [Burma] at the invitation of General Maung Aye, vice chairman of the State Law and Order Restoration Council, deputy commander in chief of the Defense Services, and commander in chief of the Army. He was seen off at the airport by Lieutenant Gen. Khin Nyunt, secretary-1 of the State Law and Order Restoration Council; members of the cabinet; and responsible officials.

Khin Nyunt Receives Kachin, Shan Leaders

BK1012084495 Rangoon Radio Myanmar in Burmese 1330 GMT 9 Dec 95

[FBIS Translated Text] Lieutenant General Khin Nyunt, chairman of the Work Committee for the Development of Border Areas and National Races and secretary-1 of the State Law and Order Restoration Council [SLORC], received U Za Hkun Ting Ring, a national leader from Special Region 1 in Kachin State; U Pauk Yu Chan, a national leader from Special Region 2 in Northern Shan State; and U Sai Lin, a national leader from Special Region 4 in Eastern Shan State, at the Defense Services Guest House on Inya Road in Yangon [Rangoon] at 1600 today.

The meeting was also attended by Lt. Gen. Maung Thint, minister of progress of border areas and national races and development affairs; information Minister Major Gen. Aye Kyaw; Colonel Kyaw Win, deputy director of the Directorate of Defense Services Intelligence; Lieutenant Col. Pe Nyein, director general of the SLORC Office; and responsible personnel.

At the meeting, they held talks and coordinated on the regional development programs.

Proposals Presented for Executive Branch Chapter

BK1212012795 Rangoon Radio Myanmar in Burmese 1330 GMT 11 Dec 95

[FBIS Translated Text] The plenary session of the National Convention continued at 0900 today at the Central Conference Hall in the President's Residence Compound on Ahlone Road in Yangon [Rangoon].

The session was attended by 522 out of 590 delegates eligible to attend the convention.

From the political parties delegates group, U Kya Shi read and presented part 1 of the La-hu National Development Party's [LNDP] proposal to prescribe the detailed basic principles to organize the chapter on the executive branch of government that will be included in the formulation of the state constitution. Meanwhile, U Kya Ha Share read and represented part 2 of the LNDP's proposal on the same subject. U Saw Than Aung read and submitted the Union Kayin [Karen] League's proposal on the same subject, while U Law Sin Kwan and U Nyi Paloke respectively read and presented the proposals of the Kokang Democracy and Unity Party and the Wa National Development Party. The plenary session ended at 1335 and will resume at 0900 on 12 December.

Brunei, Malaysia & Singapore

Malaysia

Arrest of World Trade Center Suspect Confirmed

BK1312102695 Hong Kong AFP in English 0945 GMT 13 Dec 95

[FBIS Transcribed Text] KUALA LUMPUR, Dec 13 (AFP) — Malaysian police Wednesday confirmed that a new suspect in the 1993 bombing of New York's World Trade Center was arrested here before being extradited to New York.

Police spokesman Superintendent Ghazali Mohd Amin confirmed the arrest of Wali Khan Amin Shah here, but would not give details.

"Malaysian police cannot release details yet. It is highly confidential." Ghazali told AFP, adding that more information would be released in the next few days.

Reports from New York said the suspect, Wali Khan, was indicted there Tuesday in connection with the February 26, 1993 blast, which killed six people and injured 1,000.

The reports said Wali Khan was allegedly linked to Ramzi Yusuf, who is also awaiting trial in connection with the bombing of the New York landmark.

The new suspect is also alleged to have taken part in a Philippines Airlines blast last December which killed a Japanese man and injured 10 others during a flight between Tokyo and Manila.

Yousef, also linked to the December 11 plane attack, was arrested in Pakistan in February before being brought to the United States.

Four men convicted in the World Trade Center blast — Mohammed Salameh, Nidal Ayyad, Mahmud Abouhalima and Ahmad Ajaj — were each sentenced in May 1994 to 240 years in prison.

Another suspect, a Jordanian of Palestinian origin, Iyad Mahmoud Ismal Najem, 26, was extradited from Jordan to the United States on August 3.

His trial, as well as Ramzi Yusuf's, is scheduled for next year.

The trade centre bombing, according to the United States government, was part of a conspiracy to launch an urban war against the US.

Egyptian cleric Sheik Omar Abdel-Rahman and nine others were convicted October 1 for plotting to bomb New York landmarks and kill political figures.

The sheik faces a possible life sentence and his accomplices up to 30 years when their sentences are out in January.

Singapore

Goh on U.S. Reservations on Nuclear-Free Treaty

BK1312131995 Singapore BUSINESS TIMES in English 13 Dec 95

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Singapore Prime Minister Goh Chok Tong said he thinks the US should be quite prepared to sign the South- east Asia Nuclear-Weapon-Free Zone treaty so long as they are assured that their nuclear vessels can sail through the region.

Mr Goh, who was interviewed on the British Broadcasting Corporation's programme East Asia Today, broadcast on Monday, said the main worry of the Americans is whether their nuclear vessels can have a free run of the place, to sail through and operate in the area.

The treaty is scheduled to be signed by ASEAN leaders at their summit in Bangkok on Friday.

The five nuclear powers — the US, Britain, China, France and Russia — had been invited to sign a separate protocol to the treaty. China has had reservations as it felt the treaty touched on certain areas over which it is staking its claim and the sovereignty question becomes an important issue. The US, concerned about the implications for the passage of its nuclear vessels through the region, has indicated it would not sign.

Mr Goh told the BBC: "The main thing is to get the ASEAN members to sign it and we'll be signing it. That's the first achievement. The other part will take some time, perhaps we get more members to remove the reservations and sign on the treaty."

To a question on whether the region is concerned about China recently spending big sums on its military, Mr Goh replied that it was more important to look at the details of the spending.

"If it's just to replace old weapons which they have, then obviously all of us are doing that. And if China does it in that context I don't think it worries us unnecessarily."

Besides, Mr Goh believed that, over the next 10 years, China's preoccupation will be with its economic development.

On whether there is an ongoing Asian arms race with countries spending more on the military, the Prime Minister replied: "No." He said the spending showed that the countries in the region, which were doing well, could now afford to buy weapons they could not previously.

"We believe that our emphasis is on economic cooperation" and the weapons purchased are basically for defence, he said.

Cambodia

Sihanouk Appeals for 'Half-Amnesty' for Sirivut

BK1212141895 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 12 Dec 95

[Message from King Norodom Sihanouk to Second Prime Minister Samdech Hun Sen on 12 December; read by announcer]

[FBIS Translated Text] Samdech Second Prime Minister of the Royal Government of Cambodia:

First, allow me to express my sincere greetings to you and to the Cambodian People's Party [CPP], a major party that struggled heroically between 1978 and 1979 to save Cambodia and its people from the genocidal regime and has rebuilt Buddhism, the religion of the nation and the state.

In 1991, the CPP, with FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] and Prince Norodom Ranariddh, fully exonerated me, and later, in 1993, reestablished the Cambodian monarchy and appointed me the constitutional monarch of the Kingdom of Cambodia. I cannot forget these historic good deeds for the sake of Cambodia, the people, our monarchy, and myself. I will always be grateful to you.

The objective of my present message to you concerns my youngest brother, Norodom Sirivut. My son, Norodom Chakkrapong, committed many serious offenses that required a prison sentence. Yet with amnesty from the Royal Government — with you as second prime minister — Norodom Chakkrapong received a half-pardon with exile to a friendly country. My youngest brother Norodom Sirivut has used unjust, unfounded, and unforgivable words against you. Because you are a firm pillar supporting Buddhism — whose teachings lead all of us to have mercy and forgive those who have committed wrongdoings — allow me to ask you respectfully for compassion for Norodom Sirivut's three young children and to grant half-amnesty to my youngest brother Norodom Sirivut in the form of expulsion from the Kingdom of Cambodia and exile to France.

If you have the kindness to grant half-amnesty to my youngest brother Norodom Sirivut, I will certainly talk my brother into leaving Cambodia for good in order to build a new life in France.

As for the Cambodian tribunal, it can carry on its work concerning the case of Norodom Sirivut's use of bad words threatening to assassinate you. What I have proposed to you is for family reasons and not with the aim of ending the court's action against the offender Norodom Sirivut. My only aim is to grant half- amnesty to Norodom Sirivut in accordance with your Buddhist kindness in the form of expulsion from Cambodia and exile to France.

As king, elder brother, and head of the royal family, I can persuade Norodom Sirivut to leave Cambodia for France, as Norodom Chakkrapong did and is doing.

With my profound gratitude, please accept my high consideration and profound affection.

Phnom Penh, 12 December 1995

Norodom Sihanouk

Hun Sen Accedes To Plea for Sirivut Amnesty

BK1212151195 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 12 Dec 95

[Message from Second Prime Minister Hun Sen to King Norodom Sihanouk in Phnom Penh dated 12 December; read by announcer]

[FBIS Translated Text] Greetings to His Majesty Norodom Sihanouk Varman, monarch of the Kingdom of Cambodia:

Your Majesty,

First I would like to greet you with the most profound respect for your kindness in sending me a message with the belief that I could relieve the indescribable difficulty in your heart. Your description of the offense committed by Prince Kromkhun Norodom Sirivut and your proposal to resolve this regrettable issue have made me respect and love you even more — you, who are the cool shade for all the people — and to pledge to defend the Kingdom of Cambodia and the throne even more.

In my view, Prince Kromkhum Norodom Sirivut should not continue to do whatever it is that adds to the King's trouble. With respect and loyalty to you, revered and majestic monarch of the Kingdom of Cambodia, I will completely abide by your proposal as stated in your message.

I pray that the angels protecting the throne, the souls of former kings and queens, and all the sacred things that safeguard Cambodian territory, will look after and protect the August Father and August Mother so as to you will remain forever as the cool national shade for your children and grandchildren.

Please forgive any impropriety.

Phnom Penh, 12 December 1995

Hun Sen

Hun Sen Sends 'Letter of Thanks' for Support

BK1012102895 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 10 Dec 95 pp 1, 9

["Letter of thanks" from Second Prime Minister Hun Sen to the people of Cambodia issued in Phnom Penh on 6 December]

[FBIS Translated Text] To the respected and beloved excellencies, madams, civil servants, armed forces, and people:

On behalf of my family and in my own name, I would like wholeheartedly to thank all of you at the various ministries and departments in the cities and provinces as well as people at home and abroad for your petitions voicing support for my leadership and that of the Royal Government, denouncing a group of terrorists, and endorsing the National Assembly's decision to condemn the terrorists by permitting the court of justice to convict them according to the law.

I wish to reaffirm to you that I will continue to exert my physical and moral efforts to serve our magnificent country — without retreating in the face of any obstacles, large or small — for the cause of our nation, religion, and king.

You are asked to believe that national and international public opinion strongly abhor and denounce terrorism and that the National Assembly, Royal Government, and courts will try to investigate and hand down sentences according to the law. This is aimed at strengthening political stability and implementing the Constitution, ensuring security, and enhancing democracy in the interests of the people countrywide.

I wish to state solemnly that I will continue to support the monarchy; follow the political line of the prince father and princess mother; and consolidate the alliance with various political parties, including FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia], for the sake of our people's well-being and our motherland's prosperity and glory.

Finally, I pray that the Triple Jewels [Buddhist term] and all of the sacred things in the world will bless you. May you enjoy the five benedictions of Lord Buddha.

Phnom Penh, 6 December 1995

Second Prime Minister Hun Sen

Hun Sen Reaffirms Government One-China Policy

BK0912103995 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 9 Dec 95 pp 1, 2

[Report by Vanna]

[FBIS Translated Excerpt] Second Prime Minister Samdech Hun Sen told Li Ruihuan, chairman of the Chinese People's Political Consultative Conference, at an audience on the afternoon of 6 December that he still recalled PRC Premier Li Peng saying to him in mid-1991 that what was important for Cambodia was that the Cambodian people should know how to unite and cooperate. The Chinese premier made the statement concerning national unification in Cambodia.

The PRC premier, the samdech added, also said that foreigners could never make any decisions on behalf of the Cambodian people.

The Chinese leader's aforementioned statement, Samdech Hun Sen stressed, constitutes an important key and good stimulus for Cambodia in its endeavor to rebuild the nation. Samdech Hun Sen also said that the sun is shining again after the rain (end of war in Cambodia). Therefore, Cambodia will strive further to preserve the fine environment that currently exists.

Commenting on political and socioeconomic stability in Cambodia at present, Samdech Hun Sen emphatically said that the problem of Cambodia's political and economic stability is extremely important. Although Cambodia, he added, is being ruled by two major parties for the time being, it appears that there is one and only party in the country. This is because the two parties are allies and have closely cooperated to ensure political and economic stability and law and order.

Concerning the alliance between the two parties, Samdech Hun Sen said the partnership would last not only until 1998 but beyond that, because Cambodia needs the continuity of national unification and the alliance. The samdech also said he was well aware of the progress and development in China and in some friendly countries. He added he believed Cambodia would be able to draw good experiences from those countries and that it would certainly make headway.

The samdech second prime minister went on to say that the relations of friendship and cooperation between Cambodia and China in recent years were fine and encouraging. He asked China and the Chinese people to continue to assist Cambodia and, in particular, urged the Chinese Government to encourage Chinese investors to do business in the country.

Samdech Hun Sen reaffirmed that the incumbent Royal Government of Cambodia has been implementing a policy of recognizing only China, saying China will certainly support Cambodia in connection with humanitarian and trade issues. He also profoundly thanked China for having cured the Cambodian king of his diseases, since his majesty's life is equal to Cambodia's existence.

On the same afternoon, Li Ruihuan also called on Prince Krompreah Norodom Ranariddh, first prime minister of the Kingdom of Cambodia. The prince expressed gratitude to China for its assistance and support in the quest for peace and national reconciliation and in the process of rebuilding and redeveloping Cambodia.

China has provided $10 million in aid and $8.3 million in credit to Cambodia and recently it has also given 50 million yuan for the restoration and redevelopment of the country. [passage omitted]

Deputy Prime Minister, U.S. Official Hold Talks

BK1312041695 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 12 Dec 95

[FBIS Translated Text] Kent Weidemann, U.S. deputy assistant secretary of state for Asia and Pacific, has paid a courtesy call and held talks with His Excellency [H.E.] Sar Kheng, deputy prime minister and co-minister of the interior of the Kingdom of Cambodia.

The talks were held this morning at the Interior Ministry. During the talks, H.E. Sar Kheng informed the guest that we have been continuing to implement democracy and human rights even more effectively and will continue to strive to overcome any obstacles or difficulties.

H.E. Sar Kheng stressed: With regard to the coming election of commune chiefs, we will arrange it effectively and appropriately in order to enable the people to cast their votes in a free and fair manner.

In his response, Weidemann said [words indistinct] Kingdom of Cambodia. He admired the Royal Government of Cambodia for the achievements it has made, thus bringing about progress over the past two years in the national restoration and development, especially in rebuilding the economy and laws with the implementation of democracy.

The U.S. deputy assistant secretary of state emphasized clearly that the United States will always support and forge a friendship with Cambodia. It will especially give positive assistance to the arrangement of the coming election of commune chiefs.

Ranariddh: Country Needs Unconditional Aid

BK0912125395 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 9 Dec 95 p 12

[Report by Dararit]

[FBIS Translated Text] Asked by national reporters on the afternoon of 6 December whether a statement by Samdech Hun Sen in Kandal Province earlier this week could affect the provision of foreign aid, Prince Krompreah Norodom Ranariddh offered no comment. However, he stated emphatically that the Kingdom of Cambodia's stance, which we have adopted since the Sangkum Reas Niyum era, is that we urgently need foreign aid; but the aid should be nonrepayable and completely unconditional. This has been the unchanged stance of the Royal Government of Cambodia from the very beginning.

The prince also criticized a number of countries but did not elaborate. He asked those countries to ponder their interference in Cambodia's internal affairs. The interference, he added, should have a limit, while the debate about the human rights issue [in Cambodia] should be fair and limited as well. He said some countries, such as the United States, France, Australia, and Great Britain, should be aware of the limit of their interference in the affairs of other countries, including Cambodia.

The prince cited as an example a French senator, who in the name of democracy, had strongly criticized our Kingdom of Cambodia. He stressed, however, that he had not reacted to the comments by the French senator. What he had done was to warn, in principle, the members of the Cambodian National Assembly not to elaborate on Cambodia's internal affairs. The Cambodian members of parliament should also adhere to the principle of not making comments on the internal affairs of other countries.

Commentary Hails Ouster of Vietnamese Activists

BK131208429S Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 12 Dec 95

[Political commentary: "Clean Up the Dirt to Safeguard the Friendship Road"]

[FBIS Translated Text] Cambodian authorities recently discovered and deported 38 Vietnamese members of the rebellious Free Vietnam movement who were opposing the Hanoi government.

The public's opinion is that the crime of these Vietnamese was their staying in Cambodia illegally. Another unpardonable major offense was their secret espionage and political activities, which were conducted on Cambodian soil in an attempt to topple the Hanoi government.

The Interior Ministry deported the Vietnamese nationals who were proven to have conducted political activities in conformity with the immigration law. Article 37 of the immigration law states: The interior minister must expel from the Kingdom of Cambodia [KoC] any foreigner who has entered the KoC illegally. Article 39 says: The deportation must be carried out no more than seven days after the decision is made officially by the interior minister, unless there is [words indistinct] from court. Article 9 of the same law states: In cases that affect national security, the authorities concerned may prohibit entry, although that non-immigrant foreigner has already fulfilled all the conditions stipulated in Article 8.

Political observers are of the opinion that an atagonistic situation between the Royal Government of Cambodia [RGC] and the Hanoi government would have quickly arisen had the government not been able to take timely action against this illegal movement, thus allowing it to grow rapidly.

Hanoi would have been able to accuse the RGC of pretending not to see an illegal movement or of colluding with it in order to topple the Hanoi government. Would Hanoi remain idle and not retaliate against such unfriendly activities? The bond of solidarity and friendship between Cambodia and Vietnam would have certainly shattered again if Hanoi had retaliated. Although there has been no reaction whatsoever from this incident thus far, the Hanoi government must have a positive view of the Interior Ministry, as well as toward the RGC's stand in instantly curbing this movement and deporting those illegal political activists to their home towns. This means that the RGC has made another contribution to maintaining and safeguarding the bond of friendship between the two countries.

It should be noted that the relations of friendship and cooperation between the two countries following the 1993 elections have been successively strengthened through holding negotiations in order to settle all of the disputes through peaceful means and by exchanging high-ranking delegations. The Cambodian king will pay a state visit to Hanoi within the next few days, which is proof of these firm relations. Moreover, by so doing, we have prevented Vietnam's animosity from growing on our soil. Cambodia will no longer be a think tank for the Free Vietnam movement to create war and a center for any exiled person.

This is done in conformity with the spirit of Paragraph 4 of Article 53 of the KoC Constitution, which states: The KoC shall not permit any foreign military bases on its territory.

Sihanouk Hints Party 'Might Be Legalized'

BK1312024995 Hong Kong AFP in English
0221 GMT 13 Dec 95

[FBIS Transcribed Text] Phnom Penh, Dec 13 (AFP) — Cambodia's King Norodom Sihanouk has hinted that a banned opposition political party founded by prominent dissident Sam Rangsi might be legalized if the party changes its logo and the date of its creation.

Sam Rangsi, who was sacked as finance minister in October 1994 and then earlier this year expelled from the royalist FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] party and parliament, founded the Khmer Nation Party (KNP) on November 9 — Cambodia's Independence Day — despite the fact that the government had declared it illegal.

Since then, the government has ordered the party's Phnom Penh headquarters closed, prohibited it from opening offices in the provinces and forbade it to use a picture of King Jayavarman VII, the monarch who ruled at the height of the ancient Khmer Empire, as its logo.

"If you change this logo and this date (of creation), perhaps, the Royal Government of Cambodia will end up granting its recognition 'de jure' to your party," King Sihanouk said in a message to Sam Rangsi seen Wednesday.

Sam Rangsi, who is now visiting Paris, could not be immediately reached for comment but his party has continued to operate in the face of the government's decision to ban it and claims nearly 40,000 members.

The king's suggestion came hours after the monarch reached an apparent agreement with second Prime Minister Hun Sen regarding the fate of jailed Prince Norodom Sirivut who Hun Sen has accused of planning to assassinate him.

The king and Hun Sen, in an exchange of letters Tuesday, agreed that the prince, the king's half-brother, could be released from prison and sent to exile in France. But it is unclear whether the prince, who has protested his innocence, will accept being exiled.

Prince Sirivut, who resigned from his position as foreign minister to protest Sam Rangsi's dismissal as minister of finance, faces up to life in prison if convicted.

Government Denies Criticism on Drug-Trafficking

BK0812162095 Phnom Penh National Radio of Cambodia Network in Cambodian
1300 GMT 8 Dec 95

[Communique issued by the Royal Government in Phnom Penh on 7 December; read by announcer]

[FBIS Translated Text] Recently, a number of local and foreign magazines and newspapers [words indistinct] carried reports (?slandering) the Kingdom of Cambodia [KoC] regarding the drugs problem.

In response to this matter, the Royal Government of Cambodia [RGC] wishes to issue this communique for the information of national and international public opinion to the effect that the RGC has never ignored the suppression of drugs. The RGC has always paid keen attention to cracking down on the trafficking and trading of drugs in the KoC. Moreover, the government regards the elimination and suppression of drugs as immediate, vital tasks that should be actively carried out. For this reason, the RGC has taken appropriate measures for action in line with the aforementioned goals by:

1. Setting up the National Anti-Drug Authority by royal decree [number indistinct] dated 7 September 1995.

2. Setting up the antidrug office under the Police Department of the Interior Ministry by subdecree No. 68 dated 20 September 1995.

3. Instructing the Justice Ministry to arrange a draft bill on the control of drugs. The bill has already been drafted and will be presented to the cabinet in December for approval.

4. Advising and ordering the authorities concerned, including the national police and armed forces, to launch campaigns to crack down on drugs. They succeeded in these campaigns by seizing [figures indistinct] kilogram of drugs [words indistinct].

In sum, in 1995, we arrested 86 drug-traffickers, cracked down on 20 cases of trafficking, and seized (?21) kilograms of black opium, 72 kilograms of white opium, 3.400 kilograms of heroin, and a quantity of marijuana.

Moreover, concerning these seized drugs, the cabinet, at its meeting on 29 November 1995, ordered the Interior Ministry, Justice Ministry, and Courts to conduct joint investigations so as to ascertain the ringleaders of the culprits and their accomplices so that they can receive punishment according to the law.

The RGC informed the above authorities concerned to take strict measures against [words indistinct] according to the law and remove them from their posts if they are government officials.

The RGC wishes to inform the public that criticisms by a number of local and foreign magazines and newspapers that the KoC and RGC have not paid attention to this matter is aimed at defaming the KoC [words indistinct] a country that has just achieved peace and is still lacking everything, especially human resources, technical materials, and a legal system.

Although short of everything, the RGC pledges to successfully crack down on drug-trafficking across the KoC and the trading of drugs on the KoC soil and welcomes reports from all circles concerning evidence of drug abuse [words indistinct].

Phnom Penh, 7 December 1995

Ranariddh's Cabinet Chief Halts Logging Grants

BK0812134395 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 8 Dec 95 pp 1, 2

[Report by Vong Mul]

[FBIS Translated Text] Li Thuch, chief of Prince Krompreah Norodom Ranariddh's cabinet and under state secretary for the environment, issued a letter on 5 December asking Sun Chanthol, secretary general of the Council for the Development of Cambodia, to stop granting logging concessions to private companies. The move is prompted by the fact that a group of culprits—taking advantage of a government plan to grant logging concessions permitting a number of companies to exploit the forests that have almost vanished in Cambodia—has continued until recently to fell trees destructively in some provinces.

Logging concessions that have already been granted to four big companies have covered almost all of Cambodia's forest. The government has granted 800,000 hectares of forest in Kratie Province to the Malaysian Samling company alone. The Indonesian Panin company has been given 1.5 million hectares in Ratanakiri Province.

According to [a London-based organization] Global Witness, if Taiwanese, Malaysian, Indonesian, Thai, Singapore, Korean, Russian, and Japanese companies are granted logging concessions, the total remaining forest will equal 30 to 35 percent of the country's entire area.

Simon Taylor of Global Witness said: The Cambodian Government's forest policy constitutes the greatest threat to Cambodia's future development. The policy, if implemented, will turn Cambodia into a permanent beggar nation.

Commentary Views Respect for Human Rights

BK1212085495 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 11 Dec 95

["Political commentary": "The Basis of Human Rights"]

[FBIS Translated Text] The world has denounced the most serious human rights violations in Cambodia; these took place during the regime of the Killing Fields. Human rights have gradually been respected again.

Since the birth of the Royal Government, great attention and interest have been paid to human rights. The Royal Government of Cambodia [RGC] has ratified two treaties and seven conventions related to respect for human rights. The issue has been included in the third chapter of the supreme law, the Constitution, from Articles 31 to 50. This is the legal aspect. In practice, the RGC has firmly implemented [passage indistinct] writers have the full right and freedom to write and publish newspapers and magazines as long as they properly observe the ethics code stipulated in the Kingdom of Cambodia's Press Law. Furthermore, to this day the Royal Government has never punished any Cambodian for spreading slander abroad or putting down the Royal Government or his own society and nation. Is this not the right to speak, write, and express opinions?

During his visit to Cambodia, Michael Kirby, the special representative of the UN secretary general, concluded that respect for human rights has improved. He showed, however, that the basis for respecting human rights is responsibility. This means that everyone must respect and abide by the law. The degree of respect for the law is the degree of democracy, which leads to freedom and human rights for everyone. Democracy can only be stable when the law is respected and implemented. All human rights are tied to responsibility based on the law. In developed countries, the law is used to regulate social stability, develop society, and as the basis for respect of citizens' rights and freedoms.

Whether society is stable and develops well depends on the degree to which the law is implemented. When individuals do not respect or implement the law, it leads to anarchy. If this is the case, there is certainly no hope for the respect of human rights. Worse still, this could plunge society into disaster. Because everyone has the same rights and freedoms, consideration should be given to the equality of rights in the face of the law in order to avoid the anarchic use of personal rights.

In Cambodia, democracy is still budding. We solemnly marked this international (?human rights) day at the Chaktomuk Conference Hall. It is true that for Cambodia, where the Khmer Rouge is still waging war to kill people and foreigners and burn down houses, and where robbery still exists [passage indistinct] and the Royal Government will be compelled to implement the law and force everyone in society to respect the law, because law is the basis of human rights.

The Royal Government is always happy to welcome constructive criticism by local and foreign journalists and members of the public who express their views in order to improve areas that are still lacking. In the process of administering the state and finding solutions to state problems, it is inevitable that there will be shortcomings. At times, responses to the full aspirations of the masses have not yet been forthcoming. There is an adage that the one who does things is right but the one who just talks does not think so. In other words, it is very easy to criticize, talk, write, and express views through pure doctrine, but it is difficult to build or carry out work to real fruition.

Rebels Mock Hun Sen's Threat Against Embassies

BK1212031795 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 11 Dec 95

[Unattributed commentary: "The Office of the UN Representative and Western Embassies Are Frightened by the Threat of the One-eyed Hun Sen, the Out-and-Out Lackey of Communist Vietnam"]

[FBIS Translated Text] I. In the past few days, Hun Sen, the out-and-out lackey of communist Vietnam, has roared like an ogre in a melodrama, threatening that he would send masses of troops to storm Western embassies because the West has accused him of being fascist and despotic, of imprisoning people, and of trampling on democracy, freedom, human rights, and local and international laws.

II. The Vietnam Communist Party committees in Phnom Penh and Hanoi under the command of Le Duc Anh ordered their lackey Hun Sen to roar like an ogre in a melodrama, threatening to send hundreds of thousands of his troops to attack Western embassies in Phnom Penh.

III. The Western embassies and the UN Representative's Office were utterly terrified by the roar of this make-believe ogre.

This situation has greatly emboldened Hun Sen. He continues to harass Cambodian political parties and figures in Phnom Penh and he is not afraid to harass representatives of Western powers there. Germany was the only country to remark that this ogre is not a real ogre. What you need to do is to cut off aid in order to kill him. Only when this make-believe ogre is dead can we save the lives of democratic Cambodians.

The masses in Phnom Penh say that being frightened by the roar of this make-believe ogre is like fearing the shriek of a wingless cricket. They say that only by cutting off economic aid to kill the ogre of communist Vietnam can democracy, freedom, multipartism, the parliamentary system, and human rights in Phnom Penh and Cambodia as a whole be revived, strengthened, and developed. If the West keeps spending money on communist Vietnam and its fascist and despotic lackey Hun Sen in a bid to brownnose and flatter them, the West will have nothing left; it will have nothing but Vietnamese feces to eat.

Khmer Rouge Opposes Nationality Law

BK1312053695 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 12 Dec 95

[Communique issued by the spokesman of the Provisional Government of National Union and National Salvation on 12 December; place not given — read by announcer]

[FBIS Translated Text] I. At the order of communist Vietnam, the traitorous two-heads drafted an inverse immigration law in 1994 to place an approval stamp on ethnic Vietnamese permanently occupying Cambodia and all of the Cambodian nation and people's land, farm lands, rivers, streams, ponds, forests, seas, islands, and natural resources.

Once again the traitorous two-heads are drafting another inverse law on Cambodian nationality by declaring that all of the ethnic Vietnamese who have entered Cambodia since 1979 along with the aggressor communist

Vietnamese forces and who have been living in Cambodia for five years are entitled to hold Cambodian nationality. This means that over 4 million ethnic Vietnamese will have Cambodian nationality. This is a grave threat to the survival of the Cambodian nation, people, and race.

II. The Cambodian nation and people, together with the Provisional Government of National Union and National Salvation [PGNUNS], make the following declaration:

1. The Cambodian nation and people and the PGNUNS firmly condemn, reject, and regard as fully and completely null and void the immigration and nationality laws drafted by the traitorous two-heads, lackeys of the communist Vietnamese, and racial exterminators.

2. As in the past, the present, and the future, the Cambodian nation and people and PGNUNS are and will oppose firmly and vehemently all of the two-heads' laws and decisions that affect the Cambodian people's rights to self-determination, affect Cambodia's independence, sovereignty, unity, peace, and territorial integrity, and affect the interests of the Cambodian nation and people.

[Dated] 12 December 1995

[Signed] PGNUNS spokesman

Indonesia

Protesters Released After Police Questioning

BK1012141095 Hong Kong AFP in English
1359 GMT 10 Dec 95

[FBIS Transcribed Excerpt] [No dateline as received] Fifty-eight protesters were released late Sunday from police custody after being questioned about breaking into the Dutch embassy on Thursday.

The group had stormed the Dutch diplomatic mission to mark the 20th anniversary of Indonesia's invasion of the former Portuguese colony of East Timor.

"They have been all released," a police officer at the South Jakarta police station said, adding that the protesters all went home on their own after rejecting a police offer to escort them.

The release of the 58 East Timorese and Indonesian protesters came about an hour short of the 24-hour limit police are allowed to keep people in custody for questioning without actually arresting them. [passage omitted]

Protestors From Embassy Reportedly Tortured

LD1112140995 Lisbon RDP Antena 1 Radio Network in Portuguese 1300 GMT 11 Dec 95

[FBIS Translated Excerpt] Reports from Jakarta say that the interrogation of the 55 Timorese and Indonesians who were at the Dutch Embassy has ended. The reports add that during the interrogation, which lasted over 24 hours, the Timorese and Indonesians were tortured and burned with cigarette butts. Our correspondent in Australia, Antonio Sampaio, spoke to an Indonesian activist who told him about the hours spent in the hands of the police. We have Antonio Sampaio on the line from Sydney. Do you know where the group is?

[Sampaio] The situation is deteriorating for this group. We learned a few moments ago that all the Timorese in the group want political asylum. The Timorese and the Indonesians are divided into several groups and seeking refuge in a church, private homes, and with nongovernmental organizations. The church in Jakarta where between 15 and 20 of the Timorese have sought refuge is surrounded by Indonesian soldiers.

Princen, the human rights activist who has been following this matter, is on his way to the Dutch Embassy to explain that the Timorese want to ask for political asylum. It is known that the Dutch Embassy has basically ignored Princen's requests, including that a member of the embassy should go to the church. The Timorese and Indonesians are scattered throughout the city in groups. It is known that most of them — about 45 out of the 50 — managed to escape from the bus station where they were taken by the Indonesian forces. Others were said to have escaped when the bus stopped at a later stage.

A source told me they were all in a lot of trouble; the situation is very serious. It is also known that a Timorese, Virgilio Guterres, is being sought by the police. He sought refuge in the home of an Indonesian, a member of an Indonesian nongovernmental organization. [passage omitted]

Protesters Seek Asylum

BK1112132295 Hong Kong AFP in English
1226 GMT 11 Dec 95

[FBIS Transcribed Text] Jakarta, Dec 11 (AFP) — Twenty-six East Timorese protestors who took part in a sit-in at the Dutch Embassy last week have sought asylum, alleging police brutality during their interrogation, a protestor said Monday.

The 26 were part of a group of 55 protestors taken to the South Jakarta police station at the weekend, at the end of a three-day sit-in at the Dutch Embassy.

"Asylum is the only way for us. We don't feel safe, and we continue to be chased by the authorities," one of the protestors, identifying himself only as Putu from East Timor, told AFP.

Human rights activist Johannes Princen, who took part in talks at the Dutch embassy before the protesters left the site Saturday, said the 26 had asked for asylum, "but the embassy refused to consider their request."

Deputy Chief of Mission at the Dutch Embassy, Dick De Haas, Monday declined comment on the asylum request.

Putu said he and 54 others interrogated at South Jakarta police station were denied sleep. He said 10 of them were "kicked, hit and burned by cigarettes" during their 24-hour questioning.

He said all 55 were on Sunday night forced into a bus that police said would take them to a Jakarta bus station. He and another protestor jumped out just after it left the police station, Putu added.

Bowo, an activist from the pro-democracy group, People's Democratic Union (PRD), which claims responsibility for the embassy break-ins, said later Monday that most of those released were "in safe places."

However, the fate of about a dozen is still unknown, Bowo said, adding they were followed and detained by the authorities after leaving the police station Sunday.

Jakarta Police Spokesman Lieutenant Colonel Imam Haryono said all 55 protestors were released Sunday night. He declined further comment.

Dutch diplomats said Sunday that Indonesian Foreign Minister Ali Alatas had given a guarantee the protesters would be released after questioning.

The police said no charges would be made against those who entered the Dutch embassy. "It is up to the Dutch embassy to press charges," a spokesman said.

A total of 116 demonstrators, East Timorese and Indonesians, broke into the Russian and Dutch embassies last Thursday to draw attention to the 20th anniversary of Indonesia's invasion of East Timor.

The 58 people at the Russian embassy also spent 24 hours in police custody before they were released Saturday.

Jakarta annexed the former Portuguese colony in 1976. The United Nations has not recognised the move. The UN High Commissioner for Human Rights Jose Ayala Lasso was on the last day of a five-day visit in Indonesia and the troubled enclave last Thursday.

Army Reportedly Behind Netherlands Embassy Attack

BR1212155195 Rotterdam NRC HANDELSBLAD in Dutch 11 Dec 95 pp 1, 10

[Report by Dirk Vlasblom: "Indonesian Army Behind Assault Group — Attack Plan on Embassy Suspected"]

[FBIS Translated Text] Jakarta, 11 Dec — According to reliable sources in Indonesia, the assault team which forced its way into the Netherlands Embassy in Jakarta on Thursday [7 December] and used violence against Ambassador Brouwer and members of his staff was acting on orders from above to forcibly remove the 55 Indonesian and East Timorese demonstrators.

The demonstrators left the embassy voluntarily on Saturday. After questioning they were released again yesterday, but unconfirmed reports indicate that some of them went underground on the way to Surabaya, out of fear of reprisals by the authorities.

(Foreign Minister Van Mierlo said on Saturday that he was "exceptionally relieved" that the occupation of the embassy had ended without violence. The minister added that he had "a great deal of criticism" of the Indonesian authorities, "which could not and dared not prevent the demonstrators (the assault team) from climbing the fencing of the embassy.")

Originally the occupation was peaceful, but on Thursday evening it ended up as a battlefield when a group of hooligans went to the embassy. The 70 policemen in front of the gate did not lift a finger as time and time again the besiegers pushed toward the fence, dared to enter the embassy grounds several times, and finally stormed the grounds en masse with sticks and staffs to beat up the demonstrators staying there.

They ran into a cordon of Netherlands diplomats who received very heavy blows from the assault team. Ambassador Brouwer and other diplomats were injured. The passivity of the police on duty can be explained by the apparent mandate of the assault team, according to the sources in Indonesia.

Questions about the number plates of one of the buses which dropped the attackers in front of the Netherlands Embassy, indicate that the bus had been hired that day by Kodam Jaya, the headquarters of the Jakarta military garrison.

One of the attackers admitted that he had been paid money by the military intelligence service, plus a day's free food and drink. A source close to Yorris Th. Raweyai, the boss of Pemuda Pancasila (Pancasila Youth), the order force of the Golkar government party, confirmed that these more or less official assault teams were requested by the military intelligence service a week ago to "keep their men in readiness" in case East Timorese were to protest at foreign embassies, as they have done on several occasions in the past. This source said he "knew for certain" that Pancasila Youth was involved in the violent action in the Netherlands Embassy.

A few East Timorese were also among the "counter-demonstrators" who appeared in front of the fence and later went on the offensive. For the Indonesian press this was a reason to present the fighting as "a fight between pro-Indonesian and anti-Indonesian East Timorese." In any event the counter demonstrators with an East Indonesian appearance (dark skin color and curly hair) were visibly in the minority. Eyewitnesses reported that it was not the East Timorese, but strapping Javanese-looking youths, who took the lead in the attack on the embassy.

Youth Also Protest Via Internet

The presence of the East Timorese becomes more understandable in the light of a declaration made public via the Internet on 8 December by four East Timorese youths. They are called Elitario Dos Santos Cruz (aged 22), Adolfo Dos Santos Neves (aged 23), Crispin Matos Gomes (aged 23), and Venancio Oliveira (aged 24). They said that last month they were forced by the military intelligence service to take part in a demonstration before Parliament on 20 December. Some 160 demonstrators were involved, including "less than 20" East Timorese.

Four of them, all members of SATPAM, a company security service which formally comes under the police, were summonsed on 19 November to the headquarters of the military intelligence service, where their help was asked "for a certain activity" which would last about an hour, but which was not explained further. If they were questioned, they were not to mention the names of those who coordinated the "activity." At first, due to the unclear nature of their mission, the four refused and rejected the 15,000 rupiahs (about 12 guilders) per person, but they were threatened with pistols. If they did not take part their families in East Timor would "have problems." The slogans they carried, "Ramos-Horta (the East Timorese opposition leader in exile) is betraying his people for money" and "East Timorese who occupy embassies are traitors," were the work of the intelligence service.

E. Timor Resistance Backs Call for Demonstrations

BK1112075695 (Internet) INDONESIA Listserv in English 11 Dec 95

["Statement" by CNRM or the National Council of Maubere Resistance: "CNRM Endorses PRD Demo Call"; dated 10 December — place not given]

[FBIS Transcribed Text] Dear friends!

The Peoples Democratic Union (PRD) of Indonesia, whose courageous members participated in the recent actions at the Russian and Dutch embassies in Jakarta, have asked for overseas supporters to demonstrate on December 11 (or shortly after, if needs be).

We endorse this call, and hope you will be able to undertake strong actions in your respective countries.

In addditon to the long list of past abuses, the following matters are of concern at this time:

1. The fate of all those arrested in preparation of the recent visit by Un Human Rights High Commissioner Ayala Lasso.

2. The arrest in Surabaya and disappearance of East Timorese social worker Martinho Pereira.

3. Over 70 people reported arrested in Dili for painting anti- integration slogans on walls for 7 December.

4. The 20 or more people arrested on 7 December in Jakarta outside French and Thai embassies.

5. The breach of commitment given to human rights lawyer and mediator, H.J.C. Princen, that the group at the Russian Embassy would be guaranteed safe passage to the Legal Aid Foundation. Instead, the police abducted them.

6. The barbarous behaviour of the Indonesian Government, which resorted to physical assault on the Dutch Embassy in Jakarta by thugs hired by the military, claiming to be East Timorese pro- integrationists, in order to intimidate the Dutch into withdrawing protection of the pro-East Timorese demonstrators inside its grounds.

7. The abject behaviour of the Dutch Embassy in Jakarta, which strongly pressured the demonstrators seeking its protection to surrender to the authorities, finally calling in the police to remove them. Notwithstanding, the Embassy cynically states that the demonstrators 'willingly' ended their action.

Foreign Minister Views Soares Remarks

BK1012093695 Jakarta ANTARA in Indonesian 1714 GMT 9 Dec 95

[FBIS Translated Text] Jakarta, 9 Dec (ANTARA) — Foreign Minister Ali Alatas considers the allegation and statement by Portuguese President Mario Soares regarding the clash between pro-and anti-integration East Timorese youths at the Netherlands Embassy to be cheap propaganda.

Alatas made the remark in a press statement released by the Foreign Ministry and received by ANTARA yesterday [9 December]. The allegation and statement was a distinctive effort by Portugal that simultaneously reflects an ominous intention.

As reported by AFP, Soares said the Indonesian Government deliberately allowed pro-integration East Timorese youths to enter the Netherlands Embassy premises in Jakarta, resulting in a clash between the two groups.

According to Soares, this is an international issue related to the issue of embassies because the youths entered the embassies concerned. Such actions are not in accordance with international practice.

Soares angrily said that the incident actually [passage indistinct] until it was impossible to call for a dialogue.

President Soares' comment, handed to the press after receiving Chinese Vice President Rong Yiren several days ago [as received], started with the entry of a group of 55 anti-integration East Timorese youths into the Netherlands Embassy followed by another group of 57 East Timorese youths gaining entry into the Russian Embassy.

The group of anti-integration East Timorese youths that forced its way into the Netherlands Embassy was followed by another group of pro-integration East Timorese youths. This was followed by a clash between the two groups.

Touching on the statement issued by Soares, Alatas said the statement was issued as part of a continuous effort by Portugal to influence its people as well as the international community and defame Indonesia's image abroad.

Alatas said: "Last week's incidents clearly indicate Portugal's desire to motivate East Timorese youths to force their way into foreign embassies to gain publicity. The incidents at the Netherlands and Russian Embassies are seen as an effort to draw international attention to Indonesia because they were carried out at the time when the UN human rights high commissioner was in Indonesia. Similar incidents that occurred previously indicate that [words indistinct] they were being 'hounded' and they wished to be considered 'refugees.' Nonetheless, these embassies turned down their request. Portugal was the only country to accept them."

In fact, the Indonesian Government did not acknowledge the incidents or the action by the pro-integration group of youths because actions such as forced entry into the Netherlands Embassy are considered a violation of the law.

At the end of the press statement, Foreign Minister Alatas cautioned President Soares to be more discreet and responsible when making any statement.

Alatas said: "We hope that President Soares, as a head of state, will be more careful and more responsible and not hurl unfounded allegations and irresponsible statements at other countries."

Suharto Hosts Banquet for Micronesian Leader

BK0912091195 Jakarta ANTARA in Indonesian 2002 GMT 8 Dec 95

[FBIS Translated Text] Jakarta, 8 Dec (ANTARA) — President Suharto has said he is happy to know that Micronesia shares a similar view with Indonesia on the significance of establishing closer cooperation between the two developing countries.

"Indonesia holds that cooperation among countries in the same region, such as that of ASEAN, is very important for the creation of peace and common prosperity," President Suharto said at the state banquet in honor of the visiting Micronesian President Bailey Oter and Madame Amalia Oter at the State Palace on Friday evening. In this connection, Indonesia also sees the need to develop interregional cooperation, and thus it welcomes the wish of the South Asia-Pacific forum to exchange views with ASEAN.

Against the common background of being developing countries, the development of closer relations between Indonesia and Micronesia will open new opportunities for the two countries to expand cooperation for mutual benefit.

President Suharto has also stressed the significance of expanding South-South cooperation along with the constructive development of the North-South dialogue.

"Developing countries need to have a common view on the efforts to create a new international order for better peace and prosperity. Two countries can establish healthy relations if the ties between them are based on equal partnership and cooperation," President Suharto said.

He said that Indonesia, like Micronesia, is an archipelagic country that is rich with marine resources. An exchange of experiences between the two countries will increase the development potential that both possess.

"We can exchange ideas and experiences, and look for opportunities for the setting up of mutually beneficial cooperation. It is hoped that we can explore opportunities to establish economic and technical cooperation between the two developing countries; when this is realized, it will lead to stronger relations between them," President Suharto said.

Suharto Leaves for ASEAN Summit

BK1312084495 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 13 Dec 95

[FBIS Translated Excerpt] The president, Mrs. Suharto, and their entourage left Jakarta's Halim Perdanakusumah Airport for Bangkok about 40 minutes ago to attend the fifth ASEAN summit meeting, scheduled for 14-15 December. Our correspondent Sudirman Hala reports on the president's departure:

[Begin Hala recording] A special plane belonging to Pelita Air Service carrying President Suharto and his entourage took off at 1220 West Indonesian Time [0520 GMT] heading for Bangkok, Thailand. Present at the airport to send off the presidential entourage were Susilo Sudarman, coordinating minister for politics and security affairs; Azwar Anas, coordinating minister for public welfare; Defense and Security Minister Edi Sudrajat; Army Chief of Staff R. Hartono, Navy Chief of Staff Tanto Kuswanto, Jakarta Governor Suryadi Sudirja, and Greater Jakarta military commander Wiranto. [end recording] [passage omitted on Suharto's itinerary in Bangkok]

Information Cooperation Agreement With Laos

BK1212012195 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 11 Dec 95

[FBIS Translated Text] Indonesia and Laos have agreed to multilateral, bilateral, and regional cooperation. The two countries will carry out multilateral cooperation through the Nonaligned Movement Cooperation Forum. A joint commission in technical matters will be set up to carry out bilateral cooperation. The joint commission will be chaired by the secretaries general of the two countries' Information Departments with members consisting of officials appointed by the information ministers of the respective countries. Regional cooperation will be carried out through the ASEAN Cooperation Forum after Laos joins ASEAN.

A cooperation agreement was signed by Information Minister Harmoko and Osakan Thammatheva, Lao minister of information and culture, in Jakarta today.

Dewabrata, director general of radio and television, said the two countries also agreed to cooperate in press, radio, and television. This will include education and training programs, exchanges of broadcasting materials, and cooperation in production and equipment maintenance.

Earlier, Osakan Thammatheva, Lao minister of information and culture, paid a courtesy call on Vice President Try Sutrisno.

MNLF Leader Misuari Discusses Peace Talks

BK0812132195 Jakarta GATRA in Indonesian 9 Dec 95 p 29

["Excerpt" of interview with Nur Misuari, chairman of the Moro National Liberation Front, by GATRA correspondents Saidah Abuhanifah, Yunizar Junaid, Mohamed Husayn, and Iwan Patmadiwirya in Jakarta on 29 November]

[FBIS Translated Text] **On the autonomous administration**

[Misuari] An autonomous administration will restore the territorial sovereignty, authority, and independence of our people. We will have representatives in parliament and in all central government agencies. The October 1993 Accord, the September 1994 Accord, the November 1995 Accord, plus the Tripoli Agreement, are the means to achieve peace.

On the Jakarta talks proceedings/

[Misuari] We used to have snags, but now we can express our views in the meeting. It took us three years to clear nine points. We have reached a consensus with the Philippine Government negotiators on our participation in the Armed Forces of the Philippines, education, the economic and financial system, natural resources management, representation in parliament, and the judicial and taxation systems.

Mindanao has oil resources that are of a higher quality than Brunei's, but they have not yet been exploited. Many of our people still live in poverty. It is worth noting here that President Ramos also made his contribution to the success of this meeting in Jakarta.

On lost command [two preceding words in English] or the MNLF [Moro National Liberation Front] breakaway faction

MNLF must adhere to what is written in the Koran, which says that any dispute among Muslims must be resolved through dialogue. The breakaway faction also wants autonomy. Therefore, we will, of course, sit down and hold talks with them.

When Muslims do not form the majority

[Misuari] We do not look at people according to their religion. We belong to one nation called Moro. We will apply the Syariah [Islamic] law for Moro Muslims, while the state law will be applicable to non-Muslims. A special commission will be established if there is any discrepancy between the two laws.

On the number of military forces

We have a small army of about 30,000 fighters, but the Philippine Government says we only have 19,000. You can go and count for yourself if you do not believe it.

Laos

Prime Minister, King Sihanouk Hold Meeting

BK0812130095 Vientiane Vitthayou Hengsat Radio Network in Lao 0500 GMT 8 Dec 95

[FBIS Translated Text] At 0830 today at the Hokham Presidential Palace in Vientiane, His Majesty King Norodom Sihanouk Varaman and his wife, Queen Norodom Monineat Sihanouk, received a courtesy call from His Excellency [H.E.] Khamtai Siphandon, prime minister of the Lao People's Democratic Republic [LPDR], and his wife, Mrs. Thongvan Sithandon. On this occasion, his majesty the king of the Kingdom of Cambodia and his excellency the LPDR prime minister talked and extended greetings to each other in a friendly atmosphere. They highly assessed the time-honored relations of friendship—an exceptional friendship in the world, as the two countries share a common border and have never engaged in any war, dispute, or conflict since ancient times. They expressed the conviction that the two peoples of Laos and Cambodia will join in the future in fostering these traditionally fine relations and in making them last forever.

His Majesty King Norodom Sihanouk Varaman and Queen Norodom Monineat Sihanouk then presented gifts as souvenirs to H.E. Prime Minister Khamtai Siphandon and his wife, Mrs. Thongvan Siphandon, respectively.

At 0900, His Majesty King Norodom Sihanouk Varaman and his wife, Queen Norodom Monineat Sihanouk, and the Cambodian delegation visited the That Louang Pagoda in Vientiane. The That Louang Pagoda is an antiquated, beautiful, and most-respected shrine of the Lao people.

At 1030, their majesties the king and the queen and the Cambodian delegation went to the Vientiane international airport to take a flight to Luang Prabang Province for a two-day visit.

Meeting With SRV Economic Commission Held

BK1212054995 Vientiane KPL in English 0908 GMT 11 Dec 95

[FBIS Transcribed Text] Vientiane, December 9 [date as received] (KPL) — Delegations of the Economic, Planning and Financial Commission of the Lao National Assembly [N.A.] and of the Economic and Budgetary Commission of the National Assembly of Vietnam yesterday morning met at the Vang Sadet government guest house.

The two sides informed each other of the situation of the socio- economic development, and shared experience in monitoring the implementation of the economic development plan and the government budget, in solving people's petitions, and in considering and endorsing socio-economic development plans and state budgets for the following fiscal years as well as their work.

The Lao delegation was led by Mr. Somphavan Inthavong, member of the N.A. Standing Committee and chairman of the commission, and Mr. Ly Tai Luan, member of the N.A. Standing Committee and chairman of the commission.

The Vietnamese delegation then called on Vice Prime Minister Khamphoui Koeboualapha, who is also president of the Committee for Planning and Cooperation.

The Vietnamese delegation arrived here on December 7 on a seven-day long working visit to Laos.

Seminar on Narcotics Prevention Law Opens

BK0912094795 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 9 Dec 95

[FBIS Translated Text] The Justice Ministry and the Lao National Committee for Narcotics Control and Suppression jointly held the first seminar on narcotics prevention law at the auditorium of the Justice Ministry in Vientiane on 7 December. The seminar, aimed at training cadres on the implementation of the law on drug trafficking prevention, was held with assistance from the French Embassy and the United Nations. Attending the opening ceremony as guests of honor were Semlit Chanthachak, deputy minister of justice, the representative of the United Nations to Laos, and the secretary of the French Embassy to Laos, along with experts on drug law from the United Nations. Also attending were court chairmen, chiefs of the judiciary, and a total of 60 cadres concerned from the Justice Ministry.

During the two-day seminar, the participants will jointly study and exchange views on measures to control and restrict drug trafficking in the Lao People's Democratic Republic as well as in other regions. Among the various documents to be discussed on this occasion are documents on basic knowledge about narcotics, the planting and production of drugs, the international and domestic drug control and suppression systems, experiences in checking narcotic trafficking in foreign countries and in our country, and various regulations and rules on narcotics.

Philippines

Suspected Foreign Terror Group Reported in Cebu

BK1212111895 Manila PHILIPPINE DAILY INQUIRER in English 6 Dec 95 p 17

[Report by Zheryll T. Cruz]

[FBIS Transcribed Text] Cebu City — Police and immigration officials have been alerted on the arrival in Cebu of foreigners believed to be members of a still unnamed terrorist group.

Supt. Amoron Morrok, chief of the PNP [Philippine National Police] Task Force Turista [Tourist], confirmed that the suspected terrorists arrived sometime last week and reported to be staying in three different hotels in Cebu City.

Sources at the Bureau of Immigration said Cebu's ports and the Mactan-Cebu International Airport are now under close watch.

An Arab national living in Cebu is the contact person of the terrorists, a source at the Central Visayas PNP Command revealed.

The Arab's name is being withheld so as not to jeopardize police operations, the source added.

Chief Supt. Jose Andaya, police regional director, downplayed the report, saying there is no basis yet for the local police to go on full alert.

Morrok also revealed that some members of a syndicate responsible for the bombing in Kabacan, North Cotabato were also believed to be in Cebu. He cited police intelligence reports.

Some of the members stayed in a resort hotel on Mactan Island, Morrok said.

Security Tightened on Detained Ramzi Relative

BK1312094895 Manila PHILIPPINE DAILY INQUIRER in English 9 Dec 95 p 24

[Report by Raymond Burgos]

[FBIS Transcribed Text] Police intelligence agents in Metro Manila have been alerted on the presence of two suspected foreign terrorists who are allegedly trying to establish contacts with the Muslim extremist Abu Sayyaf.

Camp Crame sources said the PNP [Philippine National Police] National Capital Region Command [NCRC] is closely monitoring the suspects following reports they plan to spring from detention their six comrades who were arrested in a raid in Kalookan City last March.

The six, one of them a relative of international terrorist Ramzi Ahmad Yusuf, are currently detained at the PNP Custodial Center in Camp Crame.

They are being tried at the Kalookan City Regional Trial Court for illegal possession of firearms and explosives.

Yesterday, security was tightened in Camp Crame with sentries conducting a thorough inspection of entering vehicles. Drivers of taxicabs were even ordered to open their trunks in search of firearms.

A sentry detailed at the Santolan gate said the tightening of security yesterday "has something to do with, the detained terrorists inside the camp."

But Senior Supt. David Aventurado, base commander in Camp Crame, downplayed the tight security that it was a normal routine.

A police official, who requested anonymity, said intelligence agents of the NCRC launched a number of operations last week but failed to arrest the two foreigners.

The official refused to reveal the nationalities of the two alleged terrorists saying that the operations to get them might be jeopardized.

A source in Camp Crame said agents of the Criminal Investigation Command [CIC] are also monitoring eight Pakistani nationals believed to be members of an international terrorist group.

The source said CIC agents have placed under surveillance for several weeks now a house in Tandang Sora, Quezon City where the Pakistanis are believed to be residing.

The source said six of the eight Pakistanis arrived in the said residence during the first week of November while the other two arrived two weeks later.

It could not be immediately known if the two foreign terrorists being watched by the NCRC belong to the group of Pakistanis being monitored by the CIC.

Last month, intelligence reports said Abu Sayyaf chieftain, Abdurajak Abubakar Janjalani was sighted in Metro Manila and was believed to be trying to establish contacts with a foreign terrorist linked with Yusuf.

Communists Claim Responsibility for Murder

BK1312114895 Hong Kong AFP in English 0545 GMT 13 Dec 95

[FBIS Transcribed Text] Manila, Dec 13 (AFP) — A communist insurgent group took responsibility Wednesday for three ambushes which claimed the lives of a prominent ethnic Chinese tycoon, a Singaporean boy and two others.

In a statement, the Alex Boncayao Brigade said it was behind the kil@ing of ethnic Chinese tycoon Leonardo Ty on Monday and condemned him for insensitivity to his workers. Ty's driver was also killed in the ambush.

The group is the urban assassination arm of the insurgent Communist Party of the Philippines. It has killed over a hundred police, soldiers and civilians.

In a separate ambush, the group admitted wounding another ethnic Chinese businessman, Benjamin Yu, saying he abused his workers.

The brigade also expressed regret for killing "civilians." It did not identify anyone by name but the statement was an apparent reference to five-year-old Jerry Tai of Singapore, who was shot dead along with a police bodyguard in an ambush intended for another ethnic Chinese businessman.

Tai's mo@her and four others were wounded in the attack.

The Alex Boncayao Brigade said this new series of attacks was part of their "current campaign to promote labor interests and welfare."

Apparently stung by the brazenness of the attacks, President Fidel Ramos on Tuesday declared war on terrorists and ordered authorities to come up with quick solutions.

Shocked businessmen warned the incidents could undermine investor confidence in the country.

MNLF Rejects Polls for Autonomous Region

BK1212124395 Manila BUSINESS WORLD in English 5 Dec 95 p 12

[Report by Sandra S. Aguinaldo and Wilfredo G. Reyes]

[FBIS Transcribed Text] The Moro National Liberation Front (MNLF) or Autonomous Region for Muslim Mindanao (ARMM)?

All the government needs to find out is which of the two can offer lasting peace in war-torn Mindanao, Ibrahim Iribani of the MNLF Secretariat told BUSINESS WORLD yesterday.

The statement was made after government chief negotiator Ambassador Manuel Yan said the ARMM elections scheduled for March 4 next year will push through despite objections from the MNLF.

"We are offering the government a solution to the Mindanao situation. If government officials insist that the ARMM is the better solution, they can just settle for ARMM," Mr. Iribani said.

The MNLF and the government are at odds as to whether or not to proceed with the ARMM elections due to its allegedly negative impact on the ongoing peace negotiations.

If the polls go on as scheduled, negotiators will have to wait for the terms of the elected officials to end before they can implement any peace agreement forged by the parties.

This means another three years of waiting for MNLF Chairman Nur Misuari who wants control over the 13 provinces and cities identified in the 1976 Tripoli Agreement as covered by the peace talks.

The MNLF will not attempt to stop the conduct of the elections. They said the responsibility "to remove the roadblock" rests solely on the shoulders of the government.

"Let us put it this way: the government knew that the ARMM is a roadblock, bahala na ang gobyerno (it is up to them to act)," Mr. Iribani said adding "the least that we (MNLF) can do is not to recognize the ARMM".

In 1976, the Marcos government signed the Tripoli Agreement with the MNLF which calls for the creation of an autonomous government. During the term of then President Corazon Aquino, a plebiscite was held which led to the creation of the ARMM.

However, the MNLF refused to recognize the region, arguing that the holding of a plebiscite was not provided for in the Tripoli Agreement even as the government insisted that the same agreement was the legal basis for the plebiscite.

The provision cited is that stating "the government of the Philippines shall take all necessary Constitutional processes for the implementation of the entire Agreement."

"If the government really thinks the ARMM is the best alternative, why negotiate with us? After all our efforts, the government can just settle for the ARMM and be laughed at by the international community," Mr. Iribani said.

Meanwhile, Mr. Yan yesterday expressed confidence the next round of formal talks with the MNLF will be the last. He said the government will not proceed with the next round as long as remaining issues are unresolved.

He added that President Fidel Ramos is set to ask Congress to look for more "innovative ways," including an "accession act" to be soon proposed. This measure will amend the Organic Act under Republic Act 6734 to enable other Muslim provinces to join the ARMM should a plebiscite call for such.

Mr. Yan said the government will exhaust all Constitutionally-allowed legal remedies that will approximate MNLF demands "as close as possible."

As this developed, Malacanang [presidential palace] yesterday belittled the threat by the Bangsa Moro Islamic Party (BMIP) the political arm of the Muslim [word as published] Islamic Liberation Front (MILF), to help depose Mr. Misuari in the wake of what they perceive as an inequitable settlement in Jakarta, Indonesia.

Executive Sec. [Secretary] Ruben Torres said the BMIP constitutes a minority among the southern rebels and expressed confidence Mr. Misuari will prevail.

"We are still talking to (Mr.) Misuari and he is still in firm control of the MNLF as leader," Mr. Torres said. "The Bangsa Moro ... is not really the core group."

BMIP chairman Datu Firdausi Abbas warned over the weekend that Mr. Misuari stands to lose his position if he does not sanction an armed confrontation which will allegedly occur if government does not give in to the rebels' demand for the immediate establishment of a provisional government.

Mr. Abbas claimed he had secured the support of MILF and MNLF commanders who have been frustrated by the result of the recently-concluded third round of formal talks. These talks skirted the more problematic issues of the establishment and expansion of a provisional government and the integration of MNLF members into the Armed Forces.

Mr. Torres joined other government officials in saying government forces "are prepared for any eventuality" ranging from resumed hostilities to possible attacks by extremist groups in major urban centers, including Metro Manila.

MNLF Demolition Members Defect to Military

BK1212133195 Quezon City MALAYA in English 8 Dec 95 pp 1, 6

[Report by Al Jacinto]

[FBIS Transcribed Text] Isabela, Basilan — At least 10 foreign- trained members of a demolition unit of the Moro National Liberation Front [MNLF] in Sulu defected to the military Tuesday, bringing with them high-grade information on the Bangsa Moro Army.

Col. Susulan Salapuddin, 44th IB [Infantry Battalion] commander, said the group led by Commander Jiram Ajibun was fetched by Navy boats with Marine escorts from an undisclosed place in Sulu and was immediately taken to the 103rd IB for interrogation.

The Southern Command, confirming the defection, said the bomb unit, known in the rebel movement as "Spider Unit," was believed responsible for a series of bombings and ambuscades in Basilan and in other parts of Mindanao.

Ajibun's group yielded a G1 assault rifle, several grenade launchers, garand rifles, revolvers, hundreds of rounds of ammunition, and voluminous documents of Bangsa Moro operations against military and government installations, the military said.

The MNLF issued no statement about the alleged defection.

'High-Powered Firearms' Linked to Terrorists

BK1212022195 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 11 Dec 95

[FBIS Translated Excerpt] Fifty-six high-powered firearms were recovered by authorities yesterday from an abandoned house in (Kulyas), Tandang Sora. The arms, taken from a Muslim compound, are suspected to belong to Abu Sayyaf terrorists. [passage omitted]

Trader Visas Extended for U.S., Japan, Germany

BK1312031195 Manila THE MANILA CHRONICLE in English 5 Dec 95 p 11

[Report by Comfesor Manalo]

[FBIS Transcribed Text] Treaty trader and treaty visas for investors from the United States, Japan and Germany will be extended from the previous one year, to two years, Commissioner Leandro I. Verceles Sr., reported Monday.

Verceles yesterday signed Memorandum Order 049 extending to two years the effectivity of investors' and working visas issued by the bureau of foreign investors entering the country.

The memorandum also outlines the new procedures in the approval of applications for immigrant and non-immigrant visas by foreign investors entering the country.

Under the new rules, treaty trader and treaty investor visas may now be issued for an initial period of two years instead of one year as previously practiced.

Verceles reported last week that the government will relax rules in the application of visas for foreign investors to attract capitalists.

The commissioner added that the idea of relaxing the rules cropped up after representatives from the various foreign chamber of industries suggested to President Ramos to amend several immigration laws in the country to make the Philippines more attractive to foreign capitalists.

The relaxation of the treaty and traders visas is one of the suggestions in the said meeting, Verceles said.

The commissioner however stressed that under the Immigration Act, treaty trader and treaty investor visas apply only to citizens of the United States, Japan and Germany.

Working visas or the so-called prearranged employment visas may also be issued for an initial period of two years, provided the applicant has been issued a two-year alien employment permit by the Department of Labor and Employment (DOLE), the BI [Bureau Immigration] chief emphasized.

Foreigners who are already holders of treaty and working visas, as well as quota and non-quota immigration visas, can avail of multiple entry privileges valid for a period co-terminus with the issued visas so long as it does not exceed two years at any one time.

Thailand

Commentary on U.S. Stand on SEANWFZ

BK1312091295 Bangkok THE NATION in English 13 Dec 95 p A6

[Commentary by THE NATION's "Regional Desk": "US Stand on SEANWFZ Spells Trouble for Asean"]

[FBIS Transcribed Text] The US position on the Southeast Asia Nuclear Weapons-Free Zone (SEANWFZ) treaty, announced last week in Washington, is indicative of the world's most powerful nuclear power's mistrust of non-nuclear countries. It does not augur well with the spirit of cooperation and mutual confidence that now prevails in the region.

Asean has made it crystal clear that the treaty is not intended to restrict the movement of US warships in areas covered by the treaty. In fact, all Asean countries, each in its own way, agree on the importance of port visits by US warships.

Prior to the completion of the treaty at the end of November in Jakarta, senior Asean officials held extensive discussions with the US delegation, led by Ambassador Thomas Graham, a special representative of President Bill Clinton in arms control and disarmament. According to the officials attending the meeting, the consultations were very frank and fruitful and both sides thoroughly understood each other's intentions.

The US side raised several points of concern related to the draft treaty, among them were: the definitions of "station and transport" and "dumping" and the inclusion of the Exclusive Economic Zone (EEZ) and continental shelves.

The first two points were immediately addressed after the Asean officials discussed them in great detail at the end of last month. Asean decided to stick to the original draft which only mentioned "station," without the additional word "transport," which would allow foreign ships and aircraft to move in and out of the zone.

The definition of "dumping" was later expanded as requested by the United States and other nuclear power states to include the articles contained in Article I of the UN Convention on the Law of the Sea and Article 3 of the London Convention on Dumping of Wastes and other Matter. At first, Asean defined "dumping" in a more restricted sense.

In the case of the inclusion of EEZ and the continental shelf as part of the definition of the SEANWFZ and zone of application, Asean felt it was important because the zone also covers the disputed areas in the South China Sea. It was a deliberate move by Asean.

China also made a strong representation on a similar point the United States had raised during consultations with Asean, saying that the unresolved territorial disputes in the South China Sea would complicate the treaty.

Asean is mindful of the conflicts in the South China Sea and wants to ensure that the area is a non-nuclear zone. It is an open secret that the provision is essentially aimed at China, the main protagonist, which is the only nuclear power state in the region.

It would not, however, prejudice the claims that have already been made in the disputed areas by China, Vietnam, Taiwan, Malaysia, Brunei and the Philippines.

Therefore, US State Department spokesman Nicholas Burns' statement last Friday that the SEANWFZ treaty and protocol "was insufficient to meet US concerns as outlined in our long-standing criteria," was unwarranted.

Asean was fully aware that to be effective, US support was indispensable. Even outspoken Malaysian Prime Minister Mahathir Mohamad admitted that. But he also said that Asean would go ahead with the treaty despite the objection by the US.

Arizal Effendi, director of the Department of Legal and International Treaties of the Indonesian Foreign Ministry said that none of the concerns voiced by the US were valid. He said Washington was mainly concerned that members of Asean were trying to expand their territory through the SEANWFZ.

The SEANWFZ treaty is the only treaty that includes the EEZ and the continental shelves. The existing treaties such as the South Pacific Nuclear Free Zone, the Latin American Nuclear Free Zone Treaty and the more recent African Nuclear Free Zone do not cover these two sensitive areas.

An Asean official said that even though these treaties did not mention the continental shelves and EEZ, their annexed maps covered the areas, for example the Rarotonga Treaty and the Tlatelolco Treaty. The SEANWFZ treaty does not have any map attached.

Washington's position on this controversial issue is that the concerns of Asean have been taken care of by the Seabed Treaty of 1971, which prohibits "any implantation and emplacement on the ocean floor of nuclear weapons and structures." But Asean wants a further guarantee from the major nuclear powers to safeguard the region.

That explains why the protocol to the treaty has been immediately opened to the five nuclear powers: the US, UK, France, China and Russia. At firsts the protocol was meant to be signed by all countries. Asean changed it to accommodate the US position.

The US strongly objected to the earlier protocol for fear that potential nuclear powers would be treated as nuclear powers without signing the Nuclear Non-Proliferation Treaty. In the future, Asean may want to prepare protocol for the non-nuclear states to accede to the SEANWFZ. They too should be protected from any possible nuclear holocaust.

As Effendi pointed out, if there are points in the treaty which do not accommodate the nuclear power's interests, they can make interpretative statements. That seems to be the only way out. If the US really wants to sign the protocol, it can do so with an attached statement of its intention and responsibility undertaken in the protocol.

Both China and Russia, which signed the South Pacific Nuclear Free-Zone and the Latin America Nuclear Free Zone treaties, had interpretative statements attached to their signatures. The US, UK and France have said that they would soon sign the existing treaties. The three Western powers have been cooperating with one another as far as their nuclear policies are concerned.

As such, Washington's attitude on the SEANWFZ treaty would also influence the UK and France. Both have said that they would sign the protocol if their concerns were met. Their concerns are very similar to those of the United States.

Russia was more supportive of Asean. It neither raised any objection nor threatened to withdraw support if its demands were not met. Russia would like to improve its bilateral ties with Asean. Signing the treaty would be an appropriate step. At the second ARF meeting in Brunei in August, Moscow expressed the desire to accede to the Treaty of Amity and Cooperation.

Asean holds dear the ideal of a non-nuclear area, and it will not let US objections, or those of any other nuclear power, stop the whole process of turning Southeast Asia into a zone of peace, freedom and neutrality. For the time being, the onus is on the United States to decide whether it is to be a saviour or a thorn in the heart of Asean.

Official: Kockums Needed in Submarine Bidding

BK1312122195 Bangkok THE NATION in English 13 Dec 95 p A2

[Unattributed report]

[FBIS Transcribed Text] Permanent Secretary for Defence General Phaibun Emphan insisted yesterday that the Swedish industrial group, Kockums, be allowed to bid in the controversial submarine project if the government allows the Navy to go ahead with the purchase.

His comments came a day after Defence Minister Chawalit Yongchaiyut vowed to prevent Kockums and any other group from bidding for the project unless they could disprove allegations that they had bribed Thai politicians.

Phaibun said the allegations were politically motivated and had nothing to do with the military.

"We will give every group an equal chance to bid for the project," Phaibun said.

"The Defence Ministry did not set up any committee to investigate the allegations because we saw that the reports were not aimed at the Navy, but were a political issue."

A Swedish peace activist group alleged that Kockums had offered bribes to either Prime Minister Banhan Sinlapa-acha or his Chat Thai Party. The group also hinted that Kockums' German rival might have also offered bribes to other politicians.

Banhan has hinted that the Kockums allegations might be an inside job by a senior government politician and that he may just have to cancel the submarines project

A group of senior Chat Thai MPs also called on Banhan to "take heed of the public sentiment" and indefinitely suspend the project.

But Phaibun said the military regarded the Bt17 billion submarine acquisition as necessary for the country's defence.

He said the Chuan [Likphai] government did not approve in principle the Navy's request to invite bids as the submarines were not required at that time.

"Now the situation has changed and we need them," Phaibun said.

Phaibun said he did not think that Chawalit really wanted to prohibit Kockums from the bidding.

"He simply said the group would not be allowed to bid if there were too many problems. But we don't have any problem right now because the bidding has yet to be called," Phaibun said.

The Navy was still in the process of gathering information on technical specifications of equipment available from prospective bidders, the permanent secretary said.

The Navy has already indicated its preference for the Swedish submarines, which were said to have the latest technology.

Meanwhile, PM's [Prime Minister] Secretary-General Det Bunlong said the Swedish government had already informed him that it had no further information on the allegations against Kockums.

Det said he acted on behalf of the Thai government to seek information from the Swedish government and he had already forwarded the reply to Banhan.

In a related development, the House committee on foreign affairs announced that it had invited former defence minister Wichit Sukmak to testify today on the submarine project.

Minister Briefs Legislators on Submarine Plan

BK0912144595 Bangkok Radio Thailand Network in English 0000 GMT 9 Dec 95

[FBIS Transcribed Text] The House Committee of Foreign Affairs will press ahead with the probe on bribery charges against the Thai prime minister and his Chat Thai Party. Chairman of the Committee Suwat Liptaphanlop says that Deputy Prime Minister and Defense Minister Chawalit Yongchaiyut told the committee that the submarine requisition program would be pursued in accordance with the Royal Thai Navy's long-term plan, involving four submarines to be acquired for the period 1997-2001. He dismissed the bribery charges as unfounded and unworthy of official investigation by the Ministry of Defense. Deputy Prime Minister Chawalit confirmed that the purchase would be made on a government-to-government basis and under the countertrade system. Also, technology transfer will be required.

The Royal Thai Navy, meanwhile, explained that seven countries submitted technical data and prices, now under consideration by a committee. Preliminary findings will be submitted to the cabinet for approval. Thereafter bidding will be called accordingly. Mr. Suwat says that the committee will hold another session on 21 December 1995. Prime Minister Banhan Sinlapa-acha, Foreign Minister M.R. [Mom Ratchawong — royal title] Kasemsamoson Kasemsi, as well as former Prime Minister Chuan Likphai, former Defense Minister General Wichit Sukmak, and Secretary General of the Democrat Party Sanan Khachonprasat will also be asked to testify.

Foreign Minister Comments on Burmese Ties

BK1012081095 Bangkok THE NATION in English 9 Dec 95 p A7

[Unattributed report]

[FBIS Transcribed Text] Foreign Minister Kasemsamoson Kasemsi while suggesting that Burma should be given positive suggestions on how to achieve national reconciliation, denied that Thailand would use the Fifth ASEAN Summit to improve relations with its northern neighbour.

In an interview with THE NATION, Kasemsamoson said the latest row between Burma's rulers and opposition leader Aung San Suu Kyi has caused growing concern among the international community.

"But mere concern will not help the country find its way out (of internal strife)," the foreign minister said.

The State Law and Order Restoration Council (SLORC) last week disqualified Suu Kyi's National League for Democracy from the National Convention to draft a constitution — a move which has been frequently delayed since 1991 — following the party's description of the proceeding as "undemocratic." This was considered to be the first confrontation between the two sides since Suu Kyi's release in July.

Burmese Prime Minister Gen Than Swe and will be attending the first meeting of leaders from the seven ASEAN nations and Laos, Cambodia and Burma on Dec 15, the day after the ASEAN summit. [sentence as published]

It remained unclear whether ASEAN would take this opportunity to discuss the situation with Gen Than Swe. However, the leaders will discuss the region's current political and economic situation, and ASEAN cooperation and assistance to Laos, Cambodia and Burma to ease the three countries' integration into the grouping.

Malaysian delegates at the ASEAN meeting in Bangkok said yesterday that it was unlikely that the leaders would raise this matter with Burma.

Thai Foreign Ministry spokesman Suwit Simasakun also said the Burmese issue was not part of the agenda for the 10 leaders' meeting.

During preparatory meetings for the summit, however, ASEAN resolved the event should generate guidelines prospective members must follow before they are allowed to join the grouping.

Australian Foreign Minister Gareth Evans warned ASEAN against rushing to welcome Burma into its fold, given the country's still- precarious political climate. He said the grouping has clout several other communities lacked.

"Burma wants respectability from (joining) ASEAN," he said, during his meeting with Kasemsamoson here last week.

Evans said the international community should not deviate from its call for universal human rights, but admitted some pragmatism would be necessary when trying to bring Burma into the world community.

The two foreign ministers held opposite opinions about Burma's political development since the 28th ASEAN Ministerial Meeting in Brunei in late July, three weeks after SLORC released Suu Kyi from house arrest.

Evans said the world community should put more pressure on Burma for political reform and improvement of human rights, but Kasemsamoson responded by pointing out that improvements to situations in the country would be triggered from the inside rather than by global pressure or constructive engagement with ASEAN.

Kasemsamoson visited Rangoon last month to see whether Prime Minister Banhan Sinlapa-acha could visit Burma before the summit to improve the deteriorating bilateral relations, but lingering tension over bilateral issues has apparently killed all possibility of such a visit.

Groups Protest Burma's Invitation to Summit

BK1312090095 Bangkok BANGKOK POST in English 13 Dec 95 p 8

[Unattributed report]

[FBIS Transcribed Text] Burmese and local students rallied at the Democracy Monument yesterday to protest at Burma's invitation to the ASEAN summit.

Members of the Association of Students of Asia, Students Federation of Thailand, Action Committee for Democracy in Burma and Overseas National Students Organisation of Burma took part in the protest.

They will today hold a panel discussion on political situation and suppression of democratic movement in Burma at Thammasat University.

Maung Maung Than, a former student leader in Burma, said: "We demand the Thai Government stops the decision to invite the Burmese military government to participate at the Bangkok summit."

"Representatives of the Burmese regime, the State Law and Order Restoration Council, are not true representatives elected by the Burmese people," said Maung Maung Than, who led the protest

Rangoon's delegation, invited as guests of ASEAN, will include SLORC chairman Gen [General] Than Shwe, first secretary general Lt- Gen [Lieutenant-General] Khin Nyunt and Foreign Minister Ohn Gyaw.

Maung Maung Than and other students will try to submit a letter to Prime Minister Banhan Sinlapa-acha on Thursday at the Royal Orchid Sheraton hotel where the summit will be held.

"In the letter, we will ask Mr Banhan why the Thai Government has invited representatives of a dictatorship to Thailand," Maung Maung Than said.

Burmese students will also demand the summit passes a resolution about human rights in Burma in an effort to push for democracy.

Editorial Views Indonesia's Position on Trade

BK1312082495 Bangkok BANGKOK POST in English 13 Dec 95 p X

[Editorial: "ASEAN in Dire Need of a Proper Legal Framework"]

[FBIS Transcribed Text] It is tempting to characterise ASEAN's difficulty with agricultural trade liberalisation as a straight conflict of interest between Thailand and Indonesia. To be sure, that conflict is real. Thailand is an agricultural exporter; Indonesia's policy is to use protectionism in an attempt to be self- sufficient in rice and other crops.

But the fundamental issues underlying the dispute exist in most if not all ASEAN countries. Thailand happens to be right to object when Indonesia wants to withdraw rice, sugar, soybeans, cloves, wheat flour and garlic from ASEAN free trade. But the problems behind Indonesia's move are also problems that Thai policymakers have to confront domestically if economic growth is to be translated into real well-being.

There are three basic problems: what to do with agriculture, what to do with monopolies, and whether to go for a legalistic, rule-based system.

First, the agricultural dilemma. The welfare of the rural population can be at odds with the desire to ensure continuous supplies of inexpensive food. The alternative of protecting agriculture so that farmers earn high incomes leads to higher food prices, higher costs of living, higher industrial wages and therefore higher industrial costs. The desire of Indonesia, the Philippines and Malaysia to protect agriculture runs that risk.

The irony of the global attempt to liberalise agriculture through the Uruguay Round of trade talks is that the countries set to gain most are not the agricultural exporters who want to prise open markets, but the protectionists who are opening their markets Japan and the European Union, for example.

The logic is actually straightforward. Protectionism in Japan meant domestic rice prices were six to seven times world prices. Completely opening the Japanese market (if ever that happens) would mean a sharp gain to consumers through much lower food prices, and this gain would be passed on to industry and services.

These concerns are relevant to Thailand where rising food prices this year threatened to panic the Government into curbing the increase, which would have helped the industrial sector at the expense of rural incomes.

In addition, a paradox of world economic history is that countries have tended to start off penalising agriculture — as Thailand did with its taxes on exports and an overvalued baht that made agricultural exports uncompetitive. They then tend to switch to agricultural protectionism, as has happened in South Korea and Japan.

Talk of protecting agriculture and aiming for food security is also increasing in Thailand. What the debate should really be about is how rural society should be developed without having to protect agriculture, and how free trade can actually help ensure supplies of food.

As far as the ASEAN dispute is concerned, Indonesia is right to seek time in order to make the necessary adjustments. It is not in the interests of Indonesia or ASEAN if Jakarta wants to protect its agriculture permanently. The European Common Agricultural Policy is proof of how expensive that can become.

Second, the question of monopolies, political influence and nepotism. The "sensitivity" of cloves and wheat flour are said to arise because in Indonesia these are handled by monopolies with connections to President Suharto. Cloves are handled by BPPC, owned by "Tommy" Mandala Putra Suharto; the wheat flour monopoly is operated by the Bogasari Flour Mills, owned by the Salim group.

Many countries use monopoly state enterprises to trade in agricultural products. The upshot is usually domestic inefficiency and international nontariff trade barriers. In Thailand, the history of the Public Warehouse Organisation and Marketing Organisation for Farmers is episode after episode of corruption.

In its enthusiasm to break through the Indonesian monopolies, Thailand should also remember that what should be done in agriculture should also be done in other sectors. For example, the monopoly granted to the ThaiCom satellite should make way for liberalisation that would allow Indonesia's Palapa and any other satellite to compete. But then, ThaiCom's founder is in the Thai Cabinet.

Third, rules versus "the Asian way". The Thai complaint is that Indonesia wants to withdraw from ASEAN free trade, products previously committed. Because ASEAN has started its free trade programme without a full legal agreement, there are no rules dealing with the withdrawal of products, nor what actions other countries could take. There has been a lot of talk about setting up an ASEAN dispute settlement procedure, but no agreement has been reached.

For a quarter of a century ASEAN has survived through consensus, personal contact, and verbal assurances, and ASEAN enthusiasts see this as a strength. To some extent they are right. But increasingly, there seems to be a need for clearer rules and the "level playing fields" so much loved in the West. No one wants to see lawyers rule the world, but some legal basis is needed — both to deal with issues such as the agricultural dispute in ASEAN, and to establish honest competition within ASEAN's members.

Editorial Views Significance of ASEAN Summit

BK0812103395 Bangkok BANGKOK POST in English 8 Dec 95 p 4

[Editorial: "ASEAN Seeks Elevation to a Higher Plane ..."]

[FBIS Transcribed Text] "ASEAN shall work towards the speedy realisation of an ASEAN comprising all Southeast Asian countries as we enter the 21st century. ASEAN shall take concrete steps to further strengthen the ASEAN identity, spirit, and sense of community through wider participation of ASEAN citizens.

"ASEAN shall elevate functional cooperation to a higher plane to bring shared prosperity to all its members. ASEAN shall..."

Or words to that effect. The vision that ASEAN leaders propose to declare to the world next week sounds grand. Greater economic integration, more cooperation internally and in international forums, strengthened "national resilience" in political, economic, social, cultural, humanitarian and other fields, enhanced security and prosperity in Asia and the Pacific and the world, a "caring cohesive and technologically advanced ASEAN".

But does it really mean anything? Yes and no. To some extent, the answer depends on what happens over the next few days. What is really needed is some bravery; some recognition that progress requires controversial decisions, that the benefits of liberalisation, if handled properly, can outweigh the costs of adjustment.

The original plan was actually for the series of meetings leading up to the summit on Thursday and Friday to be meaningless: mere rubber-stamping of decisions made by officials and ministers over the past year. And many of the items on the agenda this week have become so routine that officials allowed themselves a morning off yesterday before reconvening to approve draft reports that they will submit to their ministers over the weekend.

But there are matters of substance for ASEAN to tackle. Inside the meeting rooms, the dispute over agriculture underscores the fact that an ASEAN "identity" and "sense of community" is not quite what it should be.

A true common identity and community spirit would see nothing wrong with the citizens of Jakarta eating rice from Chiang Rai, just as the citizens of Bapgkok do. The same goes for Thais cooking with Malaysian palm oil, or flying Singapore Airlines from Bangkok to Chiang Mai.

Outside the meetings, Thailand's quarrel with Malaysia over the recent shooting of Thai fishermen is just one example of the tension that can still arise between members.

And in the background, cynics say, one of the real reasons behind the creation of the admirable Southeast Asian Nuclear Weapons-Free Zone is the fear that members will among themselves engage in an arms race on a new, higher plane.

So what ASEAN needs to do over the next few days is to put some real meat into the creative writing. This does not only mean Indonesia yielding on agriculture.

Talk of "wider participation of ASEAN citizens" sounds fine, but what does it involve? Are members of the public going to be invited to attend ASEAN meetings? Are the voluntary non-governmental groups going to be allowed to grill Ali Alatas over East Timor, Gen Than Shwe over democracy and minorities, Banhan Sinlapa-acha over corruption and drug smuggling? Judging by ASEAN's record, almost certainly not.

And will ASEAN stop talking about "functional cooperation", "dialogue process" and other gobbledygook, and start to use words that people actually understand?

The blunt truth that ASEAN ministers and bureaucrats have to accept is that the real people-to-people contact this week is not taking place in Bangkok at all, but in Chiang Mai, where the Southeast Asian games are being held.

That said, ASEAN's progress in the past has never been achieved through dramatic gestures. Fifty years from now, this week's Bangkok meeting could be seen as yet another step towards the creation of an ASEAN common market or a region of peace and harmony. It's that kind of historical perspective that is the real test of ASEAN's achievements.

In its slow, undramatic fashion, ASEAN has seen some successes in the past. Even if it fails to change its ways now, it could still serve a useful purpose. But if that is the case, we should not fool ourselves into believing the unrealistic ambitions being written into the 1995 Bangkok Declaration.

Minister Urges Political 'Revamp'

BK1012081395 Bangkok THE NATION in English 9 Dec 95 pp A1, A3

[Unattributed report]

[FBIS Transcribed Text] Thailand should completely revamp its administrative and decision-making mechanisms to hasten the process of political reform, in order to keep up with ASEAN's speedy evolution, Foreign Minister Kasemsosamoson Kasemsi said.

In an interview with THE NATION, Kasemsamoson admitted the country's current political setting made it difficult for Thailand to respond quickly to challenges and opportunities brought on by increasing regional integration.

The Association for Southeast Asian Nations hopes to reach its goal of "One Southeast Asia" comprising all ten of the region's nations by the year 2000.

Time has not been on Thailand's side, the foreign minister said. While Bangkok, which will host the Fifth ASEAN Summit next week, has been pushing for the creation of "One Southeast Asia", internal political conflicts have battered the government's image.

Also confronting the country are the rapidly deteriorating bilateral relations with Burma, and the fishing disputes with Malaysia.

Kasemsamoson confirmed that Prime Minister Banhan Sinlapa-acha will attempt to sort out the fishing problems when he meets his Malaysian counterpart, Mahathir Mohamed during the summit.

The minister said Thailand's foreign policy was good but due to the internal conflicts and disjointed working mechanisms it was difficult to identify its priorities and objectives.

He gave the fishing rows with Malaysia and Burma as an example, saying the issues reflected a lack of cohesion among members of the fishing industry and the government agencies concerned. The fishing industry was divided over vested interest, while the Harbour and Fisheries departments were at odds over authorizing fishing vessels, he said.

Kasemsamoson said Thailand's development agenda should concentrate on promoting the "human face" in all sectors, otherwise the country will lag behind the rest of the region in development.

"Human face" is also high on the ASEAN leaders' directives to promote the region's common prosperity, and will be discussed at their upcoming summit, scheduled to be held Dec 14 at the Oriental Hotel.

"While we are promoting this agenda at the regional level, we should also look to (promote it among) ourselves or we will be left behind," the minister said.

He recalled his introduction of sweeping reforms in legal, economic and political sectors during the caretaker government of Premier Anan Panyarachun.

"We did a lot of things. I must admit that perhaps we overdid things, but it was our only chance to prepare the country to cope with the fast-changing world order," he said.

The Anan government, which was in power twice between 1991 and 1992, was accused of abusing their power as a caretaker authority to do things without allowing the people to participate.

However, Anan's administration — comprised the country's leading technocrats — won international acclaim for its "salvation" of the country and its farsightedness.

Anan, together with Kasemsamoson and Deputy Prime Minister Amnuai Wirawan, then ministers attached the Prime Minister's Office, initiated the ASEAN Free Trade Area later launched at the Fourth ASEAN Summit in Singapore.

Kasemsamoson himself earlier proposed the ASEAN community establish a regional council with the aim to develop a common political culture among the grouping's diverse members.

His idea was to promote people's awareness of ASEAN affairs. However, the proposal received a cool response from the member nations because of their differing political and social structures.

Some of ASEAN's members do not allow the establishment of opposition parties or non-governmental organizations in their countries.

Agreement Reached With EU on Trade Concessions

BK1312092095 Bangkok BANGKOK POST in English 13 Dec 95 p 8

[Report by Somphon Thapanachai]

[FBIS Transcribed Text] Thailand and the European Union (EU) have reached agreement on a package of trade concessions designed to compensate the Kingdom for new trade restrictions arising from the inclusion of Sweden, Finland and Austria in the union.

The compensation will take the form of reduced tariffs totaling about 700 million baht per year on several categories of rice.

This covers the loss which Thailand claims it has suffered since the inclusion of the three new EU members, which are now applying the union's quotas and tariffs on imports of textiles and rice. Previously Sweden, Finland and Austria did not impose quotas.

Deputy Commerce Permanent Secretary Karun Kittisathaphon said yesterday the EU would allow Thailand to export 21,455 tons of milled rice (fragrant and regular white rice) with a zero tariff rate and 1,811 tons of broken rice at one-third the normal tariff rate.

Imports of milled and broken rice originally faced an import tariff ranging between ECU 611 and 260 a ton, which means the total tariff reduction that Thailand will receive should total about ECU 14 million.

The agreement is due to become effective as of next January.

However, the EU's executive commission still has to endorse the package on Friday, which includes agreements with every country that expressed concerns over the union's expansion. These countries are the United States, Australia, Thailand and Japan.

EU officials reportedly said the chance that the commissioners will approve the whole package is 50:50, even though the deal with Thailand is not thought to be a problem.

The expansion of the EU to include Sweden, Finland and Austria will have an impact on Thailand as the new members are bound to follow the union's rules and regulations. This means that some products such as garments and textiles face quotas, with the other facing a higher import tariff.

Thailand has calculated that it will lose about ECU 13 million in exports as a result of the expansion. The EU had earlier estimated that the expansion would result in losses of only ECU 3 million.

Both sides held negotiations many times but were unable to reach an agreement. Monday's negotiations did not end until three o'clock in the morning.

A ministry source said Thailand also wanted the union to compensate it by granting quotas for Thai tapioca starch and boneless chicken exports to enter the union with a zero tariff rate. But EU representatives would not yield on the issue, especially concerning boneless chicken which is a very sensitive topic for the union's poultry industry.

Permanent Secretary of Commerce Somphon Kiatphaibun said the Foreign Trade Department will call a meeting of local rice producers currently exporting to the union to ascertain the actual amount of their exports. The ministry has to work out how to allocate quotas among the exporters if the current export volume is found to be higher than the agreed amount.

Thailand and the EU also have to clarify the definition of fragrant rice, as this variety is still not recognised as being of international standard.

The source said both sides will review the new tariff and quota arrangement again next year, after the agreement has been implemented.

Prime Minister Files Lawsuit Against Newspaper

BK1312115395 Bangkok BANGKOK POST in English 13 Dec 95 p 8

[Unattributed report]

[FBIS Transcribed Text] Prime Minister Banhan Sinlapa-acha, in his capacity as Chat Thai leader has filed a defamation suit against Siam Post editor Arun Lanlue and publisher Siam Post Co for coming out with a report alleging that he and his party took bribes from a Swedish ship builder.

The Post Publishing Plc (Public Company) was named third defendant. Mr Arun and the Siam Post Co were first and second defendants respectively.

In the suit, Mr Banhan referred to the Siam Post headline "CTP-Banhan took Swedish bribes for future purchase of submarines", and its subheadline, which read: "Westander's article says Prime Minister Banhan Sinlapa-acha or the Chat Thai Party took bribes from Kockums or its local agent during the July election campaign".

Mr Banhan said these statements were lies.

He said the three defendants, in publishing such headlines, "intended to cause the people in general to hate the Chat Thai Party" and to believe that he had taken bribes.

The court accepted the lawsuit for consideration and set January 22 for a pre-trial examination.

Central Bank Official Views Economic Situation

BK1312122495 Bangkok BANGKOK POST in English 13 Dec 95 p 19

[Report by Cholada Ingsisawang and Busaba Siwasombun]

[FBIS Transcribed Excerpt] A soaring current account deficit has forced Thailand to retain high interest rates, leading to an influx of foreign capital, said Nopphamat Manolihakun, director of the central bank's northern branch.

Data on the current account deficit for the first 10 months of this year showed it was higher than expected, equivalent to 6.3% of GDP, or about 257 billion baht.

Data helped signal the Bank of Thailand about potential dangers lurking ahead for the Thai economy.

The deficit has caused Thailand to attract foreign capital to bridge up a savings and investment gap, which is now seen as being high at around 6% of GDP.

Thailand's savings are about 34% of its GDP. On the other hand, its expenditure or investment is about 40% of GDP.

As a result, Thais must pay high interest in the local market, said Ms Nopphamat.

High local interest rates draw foreign investors to Thailand. But a drawback is that high interest rates on savings lead to higher capital costs, which are inevitably reflected in manufacturing costs.

In the long run, high capital costs are not in line with an effort to boost the country's competitiveness in the international market.

Interest rates this year are 34% higher than last year and have stimulated local savings to grow 20% relative to savings growth reported early this year which was only 11%.

On the flip side, tight monetary policy has slowed inflation, said Ms Nopphamat.

If high interest rates are retained for a long time, overseas capital will flood in and excess liquidity would crop up.

The central bank now is trying to control a potential excess by mopping up liquidity as well as injecting capital into the market.

She said the current account deficit is a major problem that has to be tackled. A chronic deficit may hamper Thailand's trading capability in the world market.

The execution of foreign exchange policy is another instrument which may alleviate the current account deficit.

The central bank has not introduced this instrument as the present currency basket system is stable to the Thai economy. And Thailand's competitiveness in exporting goods to the world market is now appropriate.

Despite a high current account deficit, 80% of imports are capital goods used to make other goods for export.

Once these goods are exported, Thailand's current account deficit would be reduced.

To remedy the situation, Ms Nopphamat suggested the government sets additional measures to entice local savings, such as cutting interest rates on savings accounts and other attractive saving instruments. [passage omitted]

Vietnam

Cuba's Castro Continues Tours, Concludes Visit

Visits Underground Tunnel Network

BK1112155195 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 11 Dec 95

[FBIS Translated Text] President Fidel Castro, now on a tour of Ho Chi Minh City, visited the Cu Chi underground tunnel network and the Nuoc Trong Sugar Refinery in Tay Ninh Province on 10 December.

In Cu Chi, Comrade Fidel Castro heard a report on the entire underground tunnel network. He also visited some underground shelters where our party and Army leaders worked during the resistance war period. Afterward, President Fidel Castro paid tribute at the Cu Chi War Dead Monument.

Visits War Cemetery, Tay Ninh

BK1212071995 Hanoi VNA in English 0654 GMT 12 Dec 95

[FBIS Transcribed Text] Hanoi VNA Dec.12 — Cuban President Fidel Castro was impressed with the famous underground tunnels at Cu Chi when he visited them yesterday.

The impregnable sanctuaries of the Vietnamese liberation forces were built right under the noses of US troops stationed in Saigon during the 1960s.

Castro went into the tunnel network and saw for himself the bunkers where the resistance fighter lived and entertained themselves before going up for ground combat missions. He was told how the tunnels served not only as residential quarters for the fighters but also as a sanctuary for local communist sympathisers .

Following the tour of the underground labyrinth, Castro paid tributes to unknown soldiers at the Cu Chi war cemetery.

In the afternoon he was taken on a visit to Tay Ninh Province, some 100 kilometres west of Ho Chi Minh City, where Cuban experts work alongside Vietnamese workers at a Cuban-financed sugar refinery. He also met with the leaders of the provincial people's committee.

The Nuoc Trong refinery in Tan Chau District was built five years ago with a design capacity of 500 tonnes of canes a day.

On his tour of the plant, Castro talked with Cuban experts and Vietnamese workers as well as the management.

He was told that the plant is preparing to almost double its capacity to 900 tonnes of cane per day. He expressed his satisfaction at the joint operation.

Castro, who arrived in Ho Chi Minh City on Sunday for a three day visit, met with advisor to the party Central Committee, Nguyen Van Linh, Ho Chi Minh City party chief, Vo Tran Chi, and Major Truong Tan Sang.

Today, the final day of his latest Vietnam visit, Castro is scheduled to visit the Tan Thuan Export Processing Zone in the suburbs.

Departs for Home 12 Dec

BK1212132995 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 12 Dec 95

[FBIS Translated Text] On the morning of 12 December, Ho Chi Minh city held a grand send-off for Comrade Fidel Castro, first secretary of the Cuban [Communist] Party Central Committee and president of the Council of State and Council of Minister of Cuba, who left Vietnam for home, thus successfully concluding his official friendship visit to Vietnam which began on 8 December.

Comrade Nguyen Ha Phan, member of the Political Bureau and secretary of the party Central Committee; Nguyen Cong Tan, minister of agriculture and rural development; Tran Trong Tam, deputy secretary of the city party committee; Pham Chanh Truc, chairman of the city people's council; Truong Tan Sang, chairman of the city people's committee; and many other leaders walked up to the aircraft ramp to see off President Fidel Castro.

Russian Delegation Arrives for Friendship Visit

BK0812145095 Hanoi VNA in English 1320 GMT 8 Dec 95

[FBIS Transcribed Text] Hanoi VNA Dec. 8—A delegation of the Russian parliamentarians' Society for Friendship With Vietnam led by Vice Chairman of the Commission for External Relations of the Federation Council (the upper house) A.S. Asochakov arrived here on Dec. 6 for a friendship visit to Vietnam.

The Russian parliamentary delegation held talks here yesterday with a delegation from the Vietnamese National Assembly [NA] headed by Vice Chairman of the NA's Commission for External Relations, Phan Quang.

Mr. Quang informed the Russian guests of the Vietnamese NA's legislative efforts, particularly the 1992 Constitution, external activities and the current renovation process.

The Russian guests informed the host of the profound political, economic, and social changes in Russia and the settlement of problems among more than 100 nationalities in order to build a great Russia.

The two sides shared pleasure at the gradual restoration and fine development of the Vietnam-Russia relationship over the past two years. They expressed their wish that bilateral cooperation would promote socio-economic development in both countries.

The same day, the Russian delegation paid a courtesy visit to Vietnamese NA Vice Chairman Phung Van Tuu. Mr. Asochakov expressed the Russian people's admiration for the achievements recorded by the Vietnamese people in their renovation process and said that Russia wishes to enhance its friendly and cooperative ties with Vietnam.

NA Vice Chairman Phung Van Tuu welcomed the visit and expressed his belief that it would mark a new step in the friendship, cooperation and understanding between the two parliaments and peoples. He said that renovation should create a political and legal environment for the enhancement of economic and trade cooperation between governments and business people of the two countries. He also used the occasion to express the Vietnamese people's thanks to the Russian people for their assistance over the past years.

King Sihanouk Invited for Official Visit

BK1212035995 Hanoi Voice of Vietnam in English 1000 GMT 11 Dec 95

[Station commentary]

[FBIS Transcribed Text] Cambodian King Samdek Norodom Sihanouk and his wife will pay an official visit to Vietnam from 14 to 16 December at the invitation of Vietnamese President Le Duc Anh.

The Vietnam visit by King Sihanouk is taking place when the situation in each country and in the region is developing positively and Cambodia—in recent years under the leadership of King Sihanouk—political situation was changed fundamentally.

The Khmer Rouge is no longer the main obstacle to national development. The two major parties, FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] the Cambodian People's Party, have confirmed their cooperation in the coming election. The country law and order is improving. In economy, the Cambodian people has recorded encouraging achievements. As a result, more moreigners invested in Cambodia. Cambodian foreign policy has strengthened its prestige in international arena. trying to become full member of ASEAN.

Meanwhile, in Vietnam the achievements in the process of renovation have been highly appreciated worldwide. Its foreign policy to befriend all nations has been successful. Vietnam is now member of the ASEAN and is going to participate in the ASEAN summit for the first time. Relations between Vietnam and the United States have been normalized. Vietnam has signed a framework agreement on economic cooperaion with the E?pean Union. It is also preparing to host the coming summit of the French speaking countries in recent years. Vietnam has taken part actively in various activities in international forum.

The visit to Vietnam by King Sihanouk is of great significance as it is made following the successful visit to Cambodia by President Le Duc Anh in August and the success of the first session of the Vietnam-Cambodia Joint Committee on Economic, Cultural, Scientific, and Technological Cooperation.

At a regular press conference in Hanoi last week, a spokesperson for the Vietnamese Foreign Ministry said during the visit King Sihanouk will have talks with President Le Duc Anh to promote bilateral relations and discuss regional and international issues of mutual concern. The Cambodian leader will meet with party leader Do Muoi, adviser to the Party Central Committee Mr. Pham Van Dong, and General Vo Nguyen Giap, and visit some economic and cultural enterprises in Hanoi.

The Vietnam visit by Norodom Sihanouk will contribute to strengthening friendship and cooperation between the two countries and to peace, stability, and cooperation in the region and the world over.

Vo Van Kiet on Significance of ASEAN Summit

BK1312054195 Hanoi Voice of Vietnam in English 1000 GMT 12 Dec 95

[FBIS Transcribed Text] Prime Minister Vo Van Kiet said on Monday [11 December] that ASEAN will occupy a high-level position in the international arena. He made the statement in an interview with the Vietnam News Agency before leaving for the Fifth ASEAN Summit in Bangkok, Thailand.

Prime Minister Vo Van Kiet said that the summit would be set against the background of many changes in the international situation as well as within its organization. He said that mention should be made of the accelerated trend for regional cooperation and alliance and for intercontinental exchanges. The position of ASEAN in the international arena is higher than ever; and because of its economic achievements and efforts for peace and stability, what ASEAN said gets the attention of the main centers of the world. On changes within ASEAN, Prime Minister Vo Van Kiet said: It was the process of expansion to cover all 10 countries in the region. This process began with Vietnam becoming the seventh member.

The Vietnamese leader added that commercial cooperation has received a boost in the period between the fourth and fifth summits, pointing to the fact that initial deadline set for the formation of AFTA [ASEAN Free Trade Area] has been reduced from 15 to 10 years, and that a series of accords for cooperation in other fields would be signed during the time of the Bangkok summit. More importantly, ASEAN will sign a Nuclear-Free Pact.

On Vietnam's contribution to ASEAN within five months since its admission, Prime Minister Vo Van Kiet said that Vietnam began at once to take part actively in all activities of ASEAN on the basis of the organization's commitment to build a strong, progressive, and cohesive Southeast Asia community dedicated to a prosper future for all member states. He said: Vietnam is willing to contribute to stability and development in the region and the world at large. Vietnam has actively joined in the formulation of documents to be signed during the summit. Prime Minister Vo Van Kiet also pointed out that fulfillment of its obligations as a member state, though not easy, suited Vietnam in its current task of renovation such as administrative reform, improving regional cooperation, increasing international competitiveness, and pursuing a foreign policy of peace, independence, and cooperation.

Nong Duc Manh's Activities in Tokyo Reported

BK1312122695 Hanoi VNA in English 0734 GMT 13 Dec 95

[FBIS Transcribed Text] Hanoi VNA Dec. 13—National Assembly Chairman Nong Duc Manh, who has been visiting Japan since Dec. 10, was received on separate occasions in Tokyo yesterday by Japanese Emperor Akihito and Prime Minister T. Murayama.

Welcoming the official visit to Japan by Chairman Manh as a new milestone in the development of bilateral relations, PM Murayama expressed his confidence that ties would be developed strongly. Appreciating Vietnam's adoption of its first civil code, he reiterated Japan's continued support for the Doi Moi (renovation) policy and its assistance to national development in Vietnam.

Speaking to his Vietnamese guests, Emperor Akihito noted with satisfaction the recent growth of the

Japan-Vietnam bilateral relations and the achievements recorded by the Vietnamese people in their national construction and development. He said that Vietnam and Japan, which share many cultural similarities, should further promote the fine friendship and multi-faceted cooperation in the interests of each country and the region.

In his reply, Chairman Manh expressed his thanks to the Emperor and Japanese leaders for their support and assistance given to Vietnam particularly the exchange of contacts in order to develop the friendship and cooperation between the two countries. He said he hoped that this visit would usher in a new era of cooperation between the two countries' legislative bodies and help boost the Vietnam-Japan relationship to a new stage of development.

Chairman Manh also took on the occasion to present a replica of the Ngoc Lu bronze drum as a gift to Emperor Akihito. The Ngoc Lu drum, dated some 3,500 years ago, is considered a symbol of Vietnam's cultural quintessence which came into being thousands of years ago.

Later the same day, at a meeting with the Japan-Vietnam Friendship Parliamentary League Chairman Manh spoke highly of the league's contributions to the development of the friendship between the two countries in recent years.

In the evening, a banquet was given by the Japan-Vietnam Economic Promotion Council in honour of the Vietnamese parliamentarians. Prominent among those present at the dinner were K. Kato, president of the council and general secretary of the Liberal Democratic Party.

'Prominent' Government Critic Arrested

BK1212060195 Hong Kong AFP in English 0542 GMT 12 Dec 95

[FBIS Transcribed Text] HANOI, Dec 12 (AFP) — Vietnamese police have arrested a prominent critic of the government in what sources here Tuesday said was a widening crackdown on dissidents ahead of an important political congress in June.

Ha Si Phu was picked up by police in Hanoi while en route for Ho Chi Minh City on December 5, the day after the broadcast by a US radio station of an interview in which he called on Washington to delay granting Most Favoured Nation (MFN) trading status to Hanoi

His arrest comes amid separate reports from sources in Hanoi and overseas that a former party member and high ranking security official, Le Hong Ha, has been held by police.

Last month, two dissidents linked to Ha were jailed under a law which allows prison terms for acts against the government or party, after they demanded the rehabilitation of cadres purged by the party during the 1960s.

Phu, a 55-year-old former biology professor, called on the United States to hold off granting MFN trading status to Vietnam, in an interview with Vietnam California Radio (VNCR) in Orange County

"The provision of MFN should not come about until democracy is well developed in the country and should be used to accelerate steps towards democracy," Phu said, according to a transcript of the interview.

He called on overseas Vietnamese to support moves towards democracy and to lobby businesses and governments on the issue.

Phu's family said they had no news of his arrest or contact with him, but said police had raided their house in the central highlands city of Dalat.

The dissident, whose real name is Nguyen Xuan Tu, emerged into the political spotlight in the late 1980s when he wrote several strong critiques of Hanoi's Marxist policies.

He reiterated those criticisms in his radio interview, saying Hanoi's ideology was outdated and its hard line against critics had "hindered the development of many talented people in Vietnam."

"I think the party needs to realise that some conflict between the people and those in power is natural in a democratic society," he said. "We have to say goodbye to proletarian ideology."

Le Dinh Dieu, director of VNCR, told AFP by telephone that he did not believe Phu had been arrested because of the radio interview but because he was trying to circulate pamphlets, including one he had written titled "Farewell to Ideology."

Phu said in the interview that he was under close surveillance and had been repeatedly questioned.

Overseas Vietnamese groups have said that Le Hong Ha, once a chief aid to former hardline Interior Minister Mai Chi Tho, had also been arrested. Neither his family nor the government have confirmed the detention of the 69-year-old, who was expelled from the party in June.

Ha, along with the jailed dissidents Hoang Minh Chinh and Do Trung Hieu and the former party security chief Nguyen Trung Thanh, have campaigned for the party to recognise that its purges of anti-Maoist cadres in the 1960s were illegal.

The issue is highly sensitive in the run-up to the eighth congress in June as, according to political analysts, the leadership is unwilling to admit any past errors or tolerate dissent ahead of the gathering of the party faithful.

"They thought this scab had healed but it gets picked open ahead of every important meeting," said one expert on Vietnamese politics.

In the early 1990s, the party moved against those critics within the system but has failed to quell all the voices of dissent among former and current party members calling for a more open system of government.

Chinh, a 76-year-old former party ideologist and Hieu, 57, were jailed for one year and 15 months respectively by a court in Hanoi for "activities against the interests of the state.

Local Police Search Home

LD1212212795 Melbourne Radio Australia in English 1230 GMT 12 Dec 95

[FBIS Transcribed Text] International concerns over the suppression of human rights is very much on the agenda for several Asian countries, including China, Vietnam, and Burma.

In Vietnam, a leading dissident has been arrested as the ruling Communist Party continues to clamp down on its critics in the lead-up to a crucial Communist Party congress to be held next year. As Peter Mears reports from Hanoi, Vietnam's leadership appears intent on curtailing serious public criticism of the party and enforcing unity among its membership.

[Mears] Nguyen Phan Thu's family haven't heard from him for 10 days. The 55-year-old retired biology professor was due to return to his home town of Dalat in the Southern Highlands at the beginning of the month, but he failed to catch his flight back down south from the capital, Hanoi.

The only official indication of what delayed Mr Thu's journey was a thorough search of his home by local police last Wednesday [6 December]. Sources in Hanoi say Mr Thu was picked up by police in the capital the day before, on Tuesday 5 December, although it has so far proved impossible to get confirmation of his arrest from the Vietnamese authorities.

Mr Thu is a known critic of the government. In 1993, using the pseudonym Ha Si Phu, or "Hero Professor of Hanoi", he wrote a critique of Marxism-Leninism, labelling it a foreign theory not suitable for the country. The day before he was arrested, Nguyen Phan Thu reiterated those criticisms in a telephone interview with a California-based Vietnamese-language radio station, VNCR [as heard]. He said Hanoi's communist ideology was outdated and that its hard line against critics hindered the development of many talented people in Vietnam. Mr Thu also called for Washington to delay granting most-favored-nation [MFN] trading status to Vietnam until democracy is well developed in the country. Hanoi's leadership is particularly sensitive about the issue of MFN, as it urgently seeks easier access to the U.S. market for Vietnamese exports. However, Nguyen Phan Thu's arrest isn't necessarily linked to his radio broadcast. Vietnamese authorities are less concerned about what is said to audiences overseas than they are with attempts to circulate critical information within the country. Analysts suggest that Mr Thu may have been detained for trying to distribute a pamphlet he wrote earlier this year under the title "Farewell to Ideology".

In a separate case, there are also strong indications that another government critic is being held by police. According to the Paris-based organization Alliance Vietnam Liberte, a former high- ranking security official, Le Hong Ha, was arrested in Hanoi on Friday [8 December]. The 69-year-old was expelled from the Communist Party in June after lending support to a campaign for the rehabilitation of top figures purged from the party more than 25 years ago.

During the late 1960's, more than 30 officials were purged in Vietnam for opposing close ideological links with China. Despite the passage of time, the issue remains extremely sensitive, so much so that last month two dissidents connected with the same campaign were sentenced to jail terms of 12 and 15 months.

Standing Committee Issues Communique on Meeting

BK0912172695 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 9 Dec 95

[FBIS Translated Text] The National Assembly Standing Committee has issued a communique as follows:

During 4-7 December, the National Assembly Standing Committee held a session in Hanoi under the chairmanship of National Assembly Chairman Nong Duc Manh.

1. The National Assembly Standing Committee listened to the report by the director of the National Assembly Office on the opinions of local groups of National Assembly deputies on the results of the eighth session of the Ninth National Assembly. The National Assembly Standing Committee praised the efforts of the government, the agencies below the government, the agencies of the National Assembly, other relevant agencies,

and the people nationwide who have contributed significantly to the results of the session. The National Assembly Standing Committee also stressed the responsibilities of the government, all sectors and all echelons, and all citizens in the implementation of the resolution passed by the National Assembly.

2. The National Assembly Standing Committee listened to the justice minister, who reported on behalf of the government on the implementation of the National Assembly resolution on the enforcement of the Civil Code. The National Assembly Standing Committee gave a number of suggestions related to the immediate tasks to be carried out to enable the Civil Code to be revived soon.

3. The National Assembly Standing Committee listened to: The Minister of Planning and Investment, who reported on behalf of the government on the plan to implement the National Assembly resolution on the tasks for 1996; the finance minister, who reported on behalf of the government on the plan for budget allocations in 1996; and the chairman of the National Assembly's Economics and Budget Committee, who reported on the budget allocations for 1996. After discussions, the National Assembly Standing Committee came to the opinion that the planned budget allocations reflect the National Assembly resolution on the projections of the state budget for 1996. The National Assembly Standing Committee then approved the resolution, which stressed measures to enrich revenue sources, collect revenue in just and resolute ways, limit under-collection, suppress smuggling, encourage thrift, and heighten the effectiveness of all expenditures in order to respond efficiently to the demands for socioeconomic development.

4. The National Assembly Standing Committee gave its directive on the agenda, contents, and time schedule for the next ninth session of the Ninth National Assembly. The committee also discussed concrete measures to prepare for the agenda of the planned session.

5. The National Assembly Standing Committee gave its opinion on the draft ordinance on the self-defense militia, and the drafts of ordinances on the inspection and directive roles of the National Assembly Standing Committee, and the inspection and directive roles of the government over the people's councils. The National Assembly Standing Committee requested the responsible drafting agencies of the aforementioned documents to speed up their preparations so that they can be submitted for approval to the National Assembly Standing Committee in the next session.

Minister Interviewed on Foreign Investment Law

BK1312121795 Hanoi VIETNAM INVESTMENT REVIEW in English 20-26 Nov 95 p 6

[Interview with Minister of Planning and Investment Do Quoc Sam by unidentified correspondent; place and date not given]

[FBIS Transcribed Text] [Vietnam Investment Review] Were changes to the Foreign Investment Law proposed at the same time as the merger of the State Planning Committee (SPC) and the State Committee for Cooperation and Investment (SCCI) to form the Ministry of Planning and Investment (MPI)?

[Do Quoc Sam] The former SCCI submitted to the Prime Minister the plan to amend and supplement the Foreign Investment Law in Vietnam in March this year, which was seven months before the National Assembly decided to integrate the two committees into the MPI. Therefore, the amendment of the law was planned in advance.

[Vietnam Investment Review] Why are amendments being made?

[Do Quoc Sam] The Foreign Investment Law was issued in 1987 and some articles of this law were amended in 1990 and 1992. To date, the State has issued some sublaws and documents in order to specify the law and to resolve some troubles appearing in reality.

In addition, the State issued other new laws, such as the Labour Code, Land Law, Domestic Investment Promotion Law, State-owned Business Law, Bankruptcy Law, law on taxation and the Civil Code, which required amendments to some articles to the Foreign Investment Law to ensure that it conforms with other laws in our legal system.

This time, amendments focus on adding more policies and multiplying forms and measures to attract foreign capital, with a view to perfecting legal foundations and the investment environment to contribute to national modernisation and industrialisation.

[Vietnam Investment Review] When will the National Assembly look to introduce the latest amendments?

[Do Quoc Sam] As well as other laws which the MPI is responsible for compiling, such as the Cooperative Law, Company Law (amendment) and Private Enterprise Law (amendment), the investigation process for amending the Foreign Investment Law is being carried out quickly, with the participation of other authorised bodies.

However, investigation for amending a law is hard and time- consuming work. As estimated, the Cooperative Law will be submitted to the National Assembly in April

1996. A draft of the amended Foreign Investment Law will be submitted to the National Assembly in October 1996.

[Vietnam Investment Review] Is the personnel and administrative reorganisation going on within the MPI affecting its ability to carry out its duties?

[Do Quoc Sam] The Ministry of Planning and Investment officially started operations following the signing of Government Decree No 75, dated November 1. The reorganisation (of the two committees) has been completed quickly.

The new ministry's work has not been suspended. Foreign investment proposals are still being received and investigated.

The proof of this is that the MPI has granted five licenses for foreign-invested projects and has received documents of 14 other projects in its first week of operation. The process of law making is also being carried out as planned.

Applications for Investment Licenses Streamlined

BK1312114295 Hanoi VIETNAM INVESTMENT REVIEW in English 20-26 Nov 95 pp 1,7

[FBIS Transcribed Text] Foreign investors striving for an investment license will have to work with one body under the newly-formed Ministry of Planning and Investment (MPI), according to an official ministry source.

The Foreign Investment Department (FID), performs the whole licensing process. This will include receiving application, working with evaluation bodies and granting licenses.

"This (procedure) is aimed at minimising the waiting time for foreign investors," said a source close to MPI Minister Do Quoc Sam, who spoke on behalf of the Ministerial Office. He referred to this move as the "one-door policy" and as a significant focus by the new ministry to invigorate the investment environment here in Vietnam.

"Foreign investors will only have to deal with the FID, the source said, adding that this department would also be responsible for drafting licenses before submitting them to Do Quoc Sam for approval.

Group A projects, which are over U.S. $40 million or essential to the development of the nation's economy, will still be decided upon by the Prime Minister and are proposed by the State Evaluation Council, headed by Minister Dau Ngoc Xuan.

In the first 15 days of operation, the MPI has approved five foreign investment projects and proposed to the Prime Minister seven foreign-and 14 domestic investment projects in Group A.

The largest licensed project is a US$20 million telecommunication equipment joint venture. The foreign party, Newtel Technologies Ltd, holds a 70 percent stake its local partner, Electronic & Telecommunications Company No 1 owns the rest. The second largest license was granted to the Taiwanese-based Ho Asia Enterprise Company and Vietnam's Southern Steel Company to produce steel and other steel products. The joint venture, worth US$ 12.1 million will be entitled to operate for 25 years at Can Tho Industrial and Export Processing Zone.

The other three projects are granted to Allied Domecq Spirits & Wine from The Netherlands, Sheng Jia of China and Singapore's Xenon Manufacturing Pte Ltd to produce alcoholic drinks, bamboo floor and metal packing respectively.

The source from the MPI's ministerial office also said that the ministry has received 15 applications so far, plus more than 100 unprocessed applications left by the former SCCI. But according to the source, these projects are not yet beyond the processing time regulated by the law. Of the 15 new projects, the source said, the most important one is Honda of Japan's application for a motorbike assembly project worth US$104 million.

One problem for recently received Group A projects is that the State Evaluation Council has not started its operations yet because its personnel structure has not been approved. One of these projects is the Sao Mai-Ben Dinh deep-sea port.

According to the source, there has been no interruption in the operation of the MPI since November 1.

In addition, he said, the two most important things are to outline plans for a development programme in 1996, one that will address the shortage of capital for civil construction, and to balance the outcome and input in the next two months. Fundamentally, in November and December, the MPI will propose measures to limit expenses and assure the previously set plan for annual revenue. "These are very difficult jobs," the source admitted, "and we are still in the first stage of building a complete and efficient structure. But problems will soon go away."

Australia

New Indonesian Ambassador on Dili 'Incident'

LD1212100095 Melbourne Radio Australia in English 0900 GMT 12 Dec 95

[FBIS Transcribed Text] The man named as Indonesia's new ambassador to Australia says the killing of civilians by Indonesian troops in East Timor's capital, Dili, in 1991 was not a massacre. Wiryono Sastrohandojo said the killings could only be described as an incident, not a massacre. Mr. Wiryono, who is currently Indonesian ambassador to Paris, was speaking in an interview with Australian television.

Asked to comment on the ambassador's remark, the office of the Australian foreign minister, Gareth Evans, noted that Indonesia had never described the killings in Dili in 1991 as a massacre. The spokesman said the events in Dili spoke for themselves and that most Australians would not share the ambassador's views.

An official Indonesian commission of inquiry, set up after the massacre, found that about 50 people had died when Indonesian troops opened fire on protesters, although independent sources say the death toll was much higher.

Mr. Wiryono, a career diplomat, is expected to take up his Australian post early in the new year. The ambassador's post has been vacant for more than six months after Indonesia withdrew the nomination of Lieutenant General Herman Mantiri following criticism in Australia of remarks that he made about the Dili massacre.

Wheat Board Signs Deal for Exports to China

LD1112101495 Melbourne Radio Australia in English 0900 GMT 11 Dec 95

[FBIS Transcribed Text] The Australian Wheat Board has signed an agreement with China to supply at least 1 million tonnes of wheat each year over the next three years. Alan Richardson reports that the deal is worth about 900 million Australian dollars at today's prices.

[Richardson] Although China is the world's biggest wheat producer, it is estimated they will still need to import at least 10 million tonnes of wheat each year to meet local demand. Over the last decade the Chinese have avoided long-term contracts so they can take advantage of cheap, subsidized wheat from the United States, but the U.S. export enhancement program is being wound down and long-term contracts now look more attractive.

This is the first such contract to be written and at present prices it's worth about 900 million dollars over the next three years. There are options to take more wheat if needed and to extent the contract beyond three years.

Government on Strategy To Keep Defense Personnel

BK1012110895 Melbourne Radio Australia in English 0600 GMT 10 Dec 95

[FBIS Transcribed Text] The Australian Government has announced the strategy to retain Defense Force personnel by providing better conditions for family and more financial security. (Louis Yaksley) reports that the defense personnel minister, Gary Punch, says it's the greatest change in human resource management in the history of the Defense Forces:

[Begin (Yaksley) recording] The rate of personnel leaving the forces is around 14 percent, but usually 10 percent. The problem areas are the highly skilled jobs such as doctors, electronic engineers, pilots, and air traffic controllers. Mr. Punch says the package will be introduced in three stages over the next three years. The first costs 30 million [Australian dollars] and employs a better deal for single people and child care that Mr. Punch says will be the best and most flexible in the country. This will also help the spouses of personnel to get jobs and to pursue careers. The second stage includes the pay system more like the private sector and more flexibility such as job sharing, part-time, and home-based work. [end recording]

Fiji

Foreign Exchange Dealings With Bank Suspended

BK1112064895 Melbourne Radio Australia in English 0500 GMT 11 Dec 95

[FBIS Transcribed Text] Several international banks operating in Fiji have placed a freeze on their foreign exchange dealings with the state-owned National Bank of Fiji. The move follows a leaked audit report last month which showed that the National Bank had millions of dollars worth of bad and doubtful debts and that it was technically bankrupt. The regional news agency, PACNEWS, says in a report from Suva that the Bank of New Zealand, the Commonwealth Bank of Australia, the French National Bank, and Standard Chartered Bank had all decided to halt direct foreign exchange trading with the National Bank of Fiji.

Financial observers in Fiji say the move will have a serious effect on the credibility of the National Bank and will reflect poorly on banking in the country. Commenting on the decision, the chairman of the National Bank of Fiji, Lionel Yee, said that while the decision by the overseas banks was disappointing, his bank would find other banks to cooperate with.

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